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106TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 106–198
Part 2

THE COMPREHENSIVE BUDGET PROCESS REFORM ACT OF 1999

REPORT

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 853

TO AMEND THE CONGRESSIONAL BUDGET ACT OF 1974 TO PROVIDE FOR JOINT RESOLUTIONS ON THE BUDGET, RESERVE FUNDS FOR EMERGENCY SPENDING, STRENGTHENED ENFORCEMENT OF BUDGETARY DECISIONS, INCREASED ACCOUNTABILITY FOR FEDERAL SPENDING, ACCRUAL BUDGETING FOR FEDERAL INSURANCE PROGRAMS, MITIGATION OF THE BIAS IN THE BUDGET PROCESS TOWARD HIGHER SPENDING, MODIFICATIONS IN PAYGO REQUIREMENTS WHEN THERE IS AN ON-BUDGET SURPLUS, AND FOR OTHER PURPOSES.

TOGETHER WITH

MINORITY AND DISSENTING VIEWS

AUGUST 5, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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THE COMPREHENSIVE BUDGET PROCESS REFORM ACT OF 1999

106TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPT. 106–198 Part 2

THE COMPREHENSIVE BUDGET PROCESS REFORM ACT OF 1999

AUGUST 5, 1999.—Ordered to be printed

Mr. KASICH, from the Committee on the Budget, submitted the following

R E P O R T

together with

MINORITY AND ADDITIONAL VIEWS

[To accompany H.R. 853]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Budget, to whom was referred the bill (H.R. 853) to amend the Congressional Budget Act of 1974 to provide for joint resolutions on the budget, reserve funds for emergency spending, strengthened enforcement of budgetary decisions, increased accountability for Federal spending, accrual budgeting for Federal insurance programs, mitigation of the bias in the budget process toward higher spending, modifications in paygo requirements when there is an on-budget surplus, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Comprehensive Budget Process Reform Act of 1999".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Purpose.
Sec. 3. Effective date.
Sec. 4. Declaration of purposes for the Budget Act.

TITLE I—BUDGET WITH FORCE OF LAW

Sec. 101. Purposes.
Sec. 102. The timetable.

Sec. 3. Effective date.
Sec. 4. Declaration of purposes for the Budget Act.

TITLE I—BUDGET WITH FORCE OF LAW

Sec. 101. Purposes.
Sec. 102. The timetable.
Sec. 103. Annual joint resolutions on the budget.
Sec. 104. Budget required before spending bills may be considered; fall-back procedures if President vetoes joint budget resolution.
Sec. 105. Conforming amendments to effectuate joint resolutions on the budget.

TITLE II—RESERVE FUND FOR EMERGENCIES

Sec. 201. Purpose.
Sec. 202. Repeal of adjustments for emergencies.
Sec. 203. OMB emergency criteria.
Sec. 204. Development of guidelines for application of emergency definition.
Sec. 205. Reserve fund for emergencies in President's budget.
Sec. 206. Adjustments and reserve fund for emergencies in joint budget resolutions.
Sec. 207. Application of section 306 to emergencies in excess of amounts in reserve fund.
Sec. 208. Up-to-date tabulations.
Sec. 209. Prohibition on amendments to emergency reserve fund.
Sec. 210. Effective date.

TITLE III—ENFORCEMENT OF BUDGETARY DECISIONS

Sec. 301. Purposes.

Subtitle A—Application of Points of Order to Unreported Legislation

Sec. 311. Application of Budget Act points of order to unreported legislation.

Subtitle B—Compliance with Budget Resolution

Sec. 321. Budget compliance statements.

Subtitle C—Justification for Budget Act Waivers

Sec. 331. Justification for Budget Act waivers in the House of Representatives.

Subtitle D—CBO Scoring of Conference Reports

Sec. 341. CBO scoring of conference reports.

TITLE IV—ACCOUNTABILITY FOR FEDERAL SPENDING

Sec. 401. Purposes.

Subtitle A—Limitations on Direct Spending

Sec. 411. Fixed-year authorizations required for new programs.
Sec. 412. Amendments to subject new direct spending to annual appropriations.

Subtitle B—Enhanced Congressional Oversight Responsibilities

Sec. 421. Ten-year congressional review requirement of permanent budget authority.
Sec. 422. Justifications of direct spending.
Sec. 423. Survey of activity reports of House committees.
Sec. 424. Continuing study of additional budget process reforms.
Sec. 425. GAO reports.

Subtitle C—Strengthened Accountability

Sec. 431. Ten-year CBO estimates.
Sec. 432. Repeal of rule XXIII of the Rules of the House of Representatives.

TITLE V—BUDGETING FOR UNFUNDED LIABILITIES AND OTHER LONG-TERM OBLIGATIONS

Sec. 501. Purposes.

Subtitle A—Budgetary Treatment of Federal Insurance Programs

Sec. 511. Federal insurance programs.

Subtitle B—Reports on Long-Term Budgetary Trends

Sec. 521. Reports on long-term budgetary trends.

TITLE VI—BASELINE, BYRD RULE, LOCK-BOX, AND AUTOMATIC CONTINUING RESOLUTION

Sec. 601. Purpose.

Subtitle A—The Baseline

Sec. 611. The President's budget.
Sec. 612. The congressional budget.
Sec. 613. Congressional Budget Office reports to committees.
Sec. 614. Outyear assumptions for discretionary spending.

Subtitle B—The Byrd Rule

Sec. 621. Limitation on Byrd rule.

Subtitle C—Spending Accountability Lock-Box

Sec. 631. Short title.

Sec. 632. Spending accountability lock-box ledger.
Sec. 633. Downward adjustment of section 302(a) allocations and section 302(b) suballocations.
Sec. 634. Periodic reporting of ledger statements.
Sec. 635. Downward adjustment of discretionary spending limits.

Subtitle D—Automatic Continuing Resolution

Sec. 641. Automatic continuing resolution.

TITLE VII—BUDGETING IN AN ERA OF SURPLUSES

Sec. 701. Paygo requirements and the on-budget surplus.

SEC. 2. PURPOSE.

The purposes of this Act are to—

(1) give the budget the force of law;
(2) budget for emergencies;
(3) strengthen enforcement of budgetary decisions;
(4) increase accountability for Federal spending;
(5) display the unfunded liabilities of Federal insurance programs;
(6) mitigate the bias in the budget process toward higher spending; and
(7) modify paygo requirements when there is an on-budget surplus.

SEC. 3. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act and shall apply with respect to fiscal years beginning after September 30, 2000.

SEC. 4. DECLARATION OF PURPOSES FOR THE BUDGET ACT.

Paragraphs (1) and (2) of section 2 of the Congressional Budget and Impoundment Control Act of 1974 are amended to read as follows:

"(1) to assure effective control over the budgetary process;

"(2) to facilitate the determination each year of the appropriate level of Federal revenues and expenditures by the Congress and the President;".

TITLE I—BUDGET WITH FORCE OF LAW

SEC. 101. PURPOSES.

The purposes of this title are to—

(1) focus initial budgetary deliberations on aggregate levels of Federal spending and taxation;

(2) encourage cooperation between Congress and the President in developing overall budgetary priorities; and

(3) reach budgetary decisions early in the legislative cycle.

SEC. 102. THE TIMETABLE.

Section 300 of the Congressional Budget Act of 1974 is amended to read as follows:

"TIMETABLE

"SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

"On or before:	Action to be completed:
First Monday in February	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after President submits budget.	Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports joint resolution on the budget.
April 15	Congress completes action on joint resolution on the budget.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.
June 30	House completes action on annual appropriation bills.
October 1	Fiscal year begins.".

SEC. 103. ANNUAL JOINT RESOLUTIONS ON THE BUDGET.

(a) CONTENT OF ANNUAL JOINT RESOLUTIONS ON THE BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended as follows:

(1) Strike paragraph (4) and insert the following new paragraph:

"(4) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding in-

terest), and interest; and for fiscal years to which the amendments made by title II of the Comprehensive Budget Process Reform Act of 1999 apply, subtotals of new budget authority and outlays for emergencies;".

(2) Strike the last sentence of such subsection.

(b) ADDITIONAL MATTERS IN JOINT RESOLUTION.—Section 301(b) of the Congressional Budget Act of 1974 is amended as follows:

(1) Strike paragraphs (2), (4), and (6) through (9).

(2) After paragraph (1), insert the following new paragraph:

"(2) if submitted by the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate to the Committee on the Budget of that House of Congress, amend section 3101 of title 31, United States Code, to change the statutory limit on the public debt;".

(3) After paragraph (3), insert the following new paragraph:

"(4) require such other congressional procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act;"; and

(4) After paragraph (5), insert the following new paragraph:

"(6) set forth procedures in the Senate whereby committee allocations, aggregates, and other levels can be revised for legislation if that legislation would not increase the deficit, or would not increase the deficit when taken with other legislation enacted after the adoption of the resolution, for the first fiscal year or the total period of fiscal years covered by the resolution.".

(c) REQUIRED CONTENTS OF REPORT.—Section 301(e)(2) of the Congressional Budget Act of 1974 is amended as follows:

(1) Redesignate subparagraphs (A), (B), (C), (D), (E), and (F) as subparagraphs (B), (C), (E), (F), (H), and (I), respectively.

(2) Before subparagraph (B) (as redesignated), insert the following new subparagraph:

"(A) new budget authority and outlays for each major functional category, based on allocations of the total levels set forth pursuant to subsection (a)(1);".

(3) In subparagraph (C) (as redesignated), strike "mandatory" and insert "direct spending".

(4) After subparagraph (C) (as redesignated), insert the following new subparagraph:

"(D) a measure, as a percentage of gross domestic product, of total outlays, total Federal revenues, the surplus or deficit, and new outlays for nondefense discretionary spending, defense spending, and direct spending as set forth in such resolution;".

(5) After subparagraph (F) (as redesignated), insert the following new subparagraph:

"(G) if the joint resolution on the budget includes any allocation to a committee (other than the Committee on Appropriations) of levels in excess of current law levels, a justification for not subjecting any program, project, or activity (for which the allocation is made) to annual discretionary appropriations;".

(d) ADDITIONAL CONTENTS OF REPORT.—Section 301(e)(3) of the Congressional Budget Act of 1974 is amended as follows:

(1) Redesignate subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, strike subparagraphs (C) and (D), and redesignate subparagraph (E) as subparagraph (D).

(2) Before subparagraph (B), insert the following new subparagraph:

"(A) reconciliation directives described in section 310;".

(e) PRESIDENT'S BUDGET SUBMISSION TO THE CONGRESS.—(1) The first two sentences of section 1105(a) of title 31, United States Code, are amended to read as follows:

"On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year which shall set forth the following levels:

"(A) totals of new budget authority and outlays;

"(B) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

"(C) the surplus or deficit in the budget;

"(D) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending, and interest; and for fiscal years to which the amendments made by title II of the Comprehensive Budget Process Reform Act of 1999 apply, subtotals of new budget authority and outlays for emergencies; and

"(E) the public debt.

Each budget submission shall include a budget message and summary and supporting information and, as a separately delineated statement, the levels required in the preceding sentence for at least each of the 9 ensuing fiscal years.".

(2) The third sentence of section 1105(a) of title 31, United States Code, is amended by inserting "submission" after "budget".

(f) LIMITATION ON CONTENTS OF BUDGET RESOLUTIONS.—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(e) LIMITATION ON CONTENTS.—(1) It shall not be in order in the House of Representatives or in the Senate to consider any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter referred to in paragraph (2).

"(2) Any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter not permitted in section 301(a) or (b) shall not be treated in the House of Representatives or the Senate as a budget resolution under subsection (a) or (b) or as a conference report on a budget resolution under subsection (c) of this section.".

SEC. 104. BUDGET REQUIRED BEFORE SPENDING BILLS MAY BE CONSIDERED; FALL-BACK PROCEDURES IF PRESIDENT VETOES JOINT BUDGET RESOLUTION.

(a) AMENDMENTS TO SECTION 302.—Section 302(a) of the Congressional Budget Act of 1974 is amended by striking paragraph (5).

(b) AMENDMENTS TO SECTION 303 AND CONFORMING AMENDMENTS.—(1) Section 303 of the Congressional Budget Act of 1974 is amended—

(A) in subsection (b), by striking paragraph (2), by inserting "or" at the end of paragraph (1), and by redesignating paragraph (3) as paragraph (2); and

(B) by striking its section heading and inserting the following new section heading: "CONSIDERATION OF BUDGET-RELATED LEGISLATION BEFORE BUDGET BECOMES LAW".

(2) Section 302(g)(1) of the Congressional Budget Act of 1974 is amended by striking "and, after April 15, section 303(a)".

(3)(A) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting "303(a)," before "305(b)(2),".

(B) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting "303(a)," before "305(b)(2),".

(c) EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET.—(1) Title III of the Congressional Budget Act of 1974 is amended by adding after section 315 the following new section:

"EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET

"SEC. 316. (a) SPECIAL RULE.—If the President vetoes a joint resolution on the budget for a fiscal year, the majority leader of the House of Representatives or Senate (or his designee) may introduce a concurrent resolution on the budget or joint resolution on the budget for such fiscal year. If the Committee on the Budget of either House fails to report such concurrent or joint resolution referred to it within five calendar days (excluding Saturdays, Sundays, or legal holidays except when that House of Congress is in session) after the date of such referral, the committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar.

"(b) PROCEDURE IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.—

"(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the House of Representatives and in the Senate of joint resolutions on the budget and conference reports thereon shall also apply to the consideration of concurrent resolutions on the budget introduced under subsection (a) and conference reports thereon.

"(2) Debate in the Senate on any concurrent resolution on the budget or joint resolution on the budget introduced under subsection (a), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours and in the House such debate shall be limited to not more than 3 hours.

"(c) CONTENTS OF CONCURRENT RESOLUTIONS.—Any concurrent resolution on the budget introduced under subsection (a) shall be in compliance with section 301.

"(d) EFFECT OF CONCURRENT RESOLUTION ON THE BUDGET.—Notwithstanding any other provision of this title, whenever a concurrent resolution on the budget described in subsection (a) is agreed to, then the aggregates, allocations, and reconciliation directives (if any) contained in the report accompanying such concurrent resolution or in such concurrent resolution shall be considered to be the aggregates, allo-

cations, and reconciliation directives for all purposes of sections 302, 303, and 311 for the applicable fiscal years and such concurrent resolution shall be deemed to be a joint resolution for all purposes of this title and the Rules of the House of Representatives and any reference to the date of enactment of a joint resolution on the budget shall be deemed to be a reference to the date agreed to when applied to such concurrent resolution.".

(2) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

"Sec. 316. Expedited procedures upon veto of joint resolution on the budget.".

SEC. 105. CONFORMING AMENDMENTS TO EFFECTUATE JOINT RESOLUTIONS ON THE BUDGET.

(a) CONFORMING AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.—(1)(A) Sections 301, 302, 303, 305, 308, 310, 311, 312, 314, 405, and 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.) are amended by striking "concurrent" each place it appears and by inserting "joint".

(B)(i) Sections 302(d), 302(g), 308(a)(1)(A), and 310(d)(1) of the Congressional Budget Act of 1974 are amended by striking "most recently agreed to concurrent resolution on the budget" each place it occurs and inserting "most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)".

(ii) The section heading of section 301 is amended by striking "adoption of concurrent resolution" and inserting "joint resolutions";

(iii) Section 304 of such Act is amended to read as follows:

"PERMISSIBLE REVISIONS OF BUDGET RESOLUTIONS

"SEC. 304. At any time after the joint resolution on the budget for a fiscal year has been enacted pursuant to section 301, and before the end of such fiscal year, the two Houses and the President may enact a joint resolution on the budget which revises or reaffirms the joint resolution on the budget for such fiscal year most recently enacted. If a concurrent resolution on the budget has been agreed to pursuant to section 316, then before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises or reaffirms the concurrent resolution on the budget for such fiscal year most recently agreed to.".

(C) Sections 302, 303, 310, and 311, of such Act are amended by striking "agreed to" each place it appears and by inserting "enacted".

(2)(A) Paragraph (4) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking "concurrent" each place it appears and by inserting "joint".

(B) The table of contents set forth in section 1(b) of such Act is amended—

(i) in the item relating to section 301, by striking "adoption of concurrent resolution" and inserting "joint resolutions";

(ii) by striking the item relating to section 303 and inserting the following:

"Sec. 303. Consideration of budget-related legislation before budget becomes law.";

(iii) in the item relating to section 304, by striking "concurrent" and inserting "budget" the first place it appears and by striking "on the budget"; and

(iv) by striking "concurrent" and inserting "joint" in the item relating to section 305.

(b) CONFORMING AMENDMENTS TO THE RULES OF THE HOUSE OF REPRESENTATIVES.—(1) Clauses 1(e)(1), 4(a)(4), 4(b)(2), 4(f)(1)(A), and 4(f)(2) of rule X, clause 10 of rule XVIII, and clause 10 of rule XX of the Rules of the House of Representatives are amended by striking "concurrent" each place it appears and inserting "joint".

(2) Clause 10 of rule XVIII of the Rules of the House of Representatives is amended—

(A) in paragraph (b)(2), by striking "(5)" and inserting "(6)"; and

(B) by striking paragraph (c).

(c) CONFORMING AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907d(b)(1)) is amended by striking "concurrent" and inserting "joint".

(d) CONFORMING AMENDMENTS TO SECTION 310 REGARDING RECONCILIATION DIRECTIVES.—(1) The side heading of section 310(a) of the Congressional Budget Act of 1974 (as amended by section 105(a)) is further amended by inserting "JOINT EXPLANATORY STATEMENT ACCOMPANYING CONFERENCE REPORT ON" before "JOINT".

(2) Section 310(a) of such Act is amended by striking "A" and inserting "The joint explanatory statement accompanying the conference report on a".

(3) The first sentence of section 310(b) of such Act is amended by striking "If" and inserting "If the joint explanatory statement accompanying the conference report on".

(4) Section 310(c)(1) of such Act is amended by inserting "the joint explanatory statement accompanying the conference report on" after "pursuant to".

(5) Subsection (g) of section 310 of such Act is repealed.

(e) CONFORMING AMENDMENTS TO SECTION 3 REGARDING DIRECT SPENDING.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

"(11) The term 'direct spending' has the meaning given to such term in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(f) TECHNICAL AMENDMENT REGARDING REVISED SUBALLOCATIONS.—Section 314(d) of the Congressional Budget Act of 1974 is amended by—

(1) striking "REPORTING" in the side heading, by inserting "the chairmen of" before "the Committees", and by striking "may report" and inserting "shall make and have published in the Congressional Record"; and

(2) adding at the end the following new sentence: "For purposes of considering amendments (other than for amounts for emergencies covered by subsection (b)(1)), suballocations shall be deemed to be so adjusted.".

TITLE II—RESERVE FUND FOR EMERGENCIES

SEC. 201. PURPOSE.

The purposes of this title are to—

(1) develop budgetary and fiscal procedures for emergencies;

(2) subject spending for emergencies to budgetary procedures and controls; and

(3) establish criteria for determining compliance with emergency requirements.

SEC. 202. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.

(a) DISCRETIONARY SPENDING LIMITS.—(1) Section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(2) Such section 251(b)(2) is further amended by redesignating subparagraphs (B) through (G) as subparagraphs (A) through (F).

(b) DIRECT SPENDING.—Sections 252(e) and 252(d)(4)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 are repealed.

(c) EMERGENCY DESIGNATION.—Clause 2 of rule XXI of the Rules of the House of Representatives is amended by repealing paragraph (e) and by redesignating paragraph (f) as paragraph (e).

(d) AMOUNT OF ADJUSTMENTS.—Section 314(b) of the Congressional Budget Act of 1974 is amended by striking paragraph (1) and by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

SEC. 203. OMB EMERGENCY CRITERIA.

Section 3 of the Congressional Budget and Impoundment Control Act of 1974 (as amended by section 105(e)) is further amended by adding at the end the following new paragraph:

"(12)(A) The term 'emergency' means a situation that—

"(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

"(ii) is unanticipated.

"(B) As used in subparagraph (A), the term 'unanticipated' means that the situation is—

"(i) sudden, which means quickly coming into being or not building up over time;

"(ii) urgent, which means a pressing and compelling need requiring immediate action;

"(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

"(iv) temporary, which means not of a permanent duration.".

SEC. 204. DEVELOPMENT OF GUIDELINES FOR APPLICATION OF EMERGENCY DEFINITION.

Not later than 5 months after the date of enactment of this Act, the chairmen of the Committees on the Budget (in consultation with the President) shall, after

consulting with the chairmen of the Committees on Appropriations and applicable authorizing committees of their respective Houses and the Directors of the Congressional Budget Office and the Office of Management and Budget, jointly publish in the Congressional Record guidelines for application of the definition of emergency set forth in section 3(12) of the Congressional Budget and Impoundment Control Act of 1974.

SEC. 205. RESERVE FUND FOR EMERGENCIES IN PRESIDENT'S BUDGET.

Section 1105(f) of title 31, United States Code is amended by adding at the end the following new sentences: "Such budget submission shall also comply with the requirements of section 317(b) of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(12) of the Congressional Budget Act of 1974.".

SEC. 206. ADJUSTMENTS AND RESERVE FUND FOR EMERGENCIES IN JOINT BUDGET RESOLUTIONS.

(a) EMERGENCIES.—Title III of the Congressional Budget Act of 1974 (as amended by section 104(c)) is further amended by adding at the end the following new section:

"EMERGENCIES

"SEC. 317. (a) ADJUSTMENTS.—

"(1) IN GENERAL.—After the reporting of a bill or joint resolution or the submission of a conference report thereon that provides budget authority for any emergency as identified pursuant to subsection (d)—

"(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 204 of the Comprehensive Budget Process Reform Act of 1999, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(12); and

"(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

"(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate joint resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

"(b) RESERVE FUND FOR EMERGENCIES.—

"(1) AMOUNTS.—The amount set forth in the reserve fund for emergencies for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

"(A) the average of the enacted levels of budget authority for emergencies in the 5 fiscal years preceding the current year; and

"(B) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in subparagraph (A), but only in the fiscal year for which such budget authority first becomes available for obligation.

"(2) AVERAGE LEVELS.—For purposes of paragraph (1), the amount used for a fiscal year to calculate the average of the enacted levels when one or more of such 5 preceding fiscal years is any of fiscal years 1994 through 1998 is as follows: the amount of enacted levels of budget authority and the amount of new outlays flowing therefrom for emergencies, but only in the fiscal year for which such budget authority first becomes available for obligation for each of such 5 fiscal years, which shall be determined by the Committees on the Budget of the House of Representatives and the Senate after receipt of a report on such matter transmitted to such committees by the Director of the Congressional Budget Office 6 months after the date of enactment of this section and thereafter in February of each calendar year.

"(c) EMERGENCIES IN EXCESS OF AMOUNTS IN RESERVE FUND.—Whenever the Committee on Appropriations or any other committee reports any bill or joint resolution that provides budget authority for any emergency and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause—

"(1) in the case of the Committee on Approrpiations, the total amount of budget authority or outlays provided for emergencies for the budget year; or

"(2) in the case of any other committee, the total amount of budget authority or outlays provided for emergencies for the budget year or the total of the fiscal years;

in the joint resolution on the budget (pursuant to section 301(a)(4)) to be exceeded:

"(A) Such bill or joint resolution shall be referred to the Committee on the Budget of the House or the Senate, as the case may be, with instructions to report it without amendment, other than that specified in subparagraph (B), within 5 legislative days of the day in which it is reported from the originating committee. If the Committee on the Budget of either House fails to report a bill or joint resolution referred to it under this subparagraph within such 5-day period, the committee shall be automatically discharged from further consideration of such bill or joint resolution and such bill or joint resolution shall be placed on the appropriate calendar.

"(B) An amendment to such a bill or joint resolution referred to in this subsection shall only consist of an exemption from section 251 or 252 (as applicable) of the Balanced Budget and Emergency Deficit Control Act of 1985 of all or any part of the provisions that provide budget authority (and the outlays flowing therefrom) for such emergency if the committee determines, pursuant to the guidelines referred to in section 204 of the Comprehensive Budget Process Reform Act of 1999, that such budget authority is for an emergency within the meaning of section 3(12).

"(C) If such a bill or joint resolution is reported with an amendment specified in subaragraph (B) by the Committee on the Budget of the House of Representatives or the Senate, then the budget authority and resulting outlays that are the subject of such amendment shall not be included in any determinations under section 302(f) or 311(a) for any bill, joint resolution, amendment, motion, or conference report.

"(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emergency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 204 of the Comprehensive Budget Process Reform Act of 1999.".

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 316 the following new item:

"Sec. 317. Emergencies.".

SEC. 207. APPLICATION OF SECTION 306 TO EMERGENCIES IN EXCESS OF AMOUNTS IN RESERVE FUND.

Section 306 of the Congressional Budget Act of 1974 is amended by inserting at the end the following new sentence: "No amendment reported by the Committee on the Budget (or from the consideration of which such committee has been discharged) pursuant to section 317(c) may be amended.".

SEC. 208. UP-TO-DATE TABULATIONS.

Section 308(b)(2) of the Congressional Budget Act of 1974 is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting "; and", and by adding at the end the following new subparagraph:

"(D) shall include an up-to-date tabulation of amounts remaining in the reserve fund for emergencies.".

SEC. 209. PROHIBITION ON AMENDMENTS TO EMERGENCY RESERVE FUND.

(a) POINT OF ORDER.—Section 305 of the Congressional Budget Act of 1974 (as amended by section 103(c)) is further amended by adding at the end the following new subsection:

"(f) POINT OF ORDER REGARDING EMERGENCY RESERVE FUND.—It shall not be in order in the House of Representatives or in the Senate to consider an amendment to a joint resolution on the budget which changes the amount of budget authority and outlays set forth in section 301(a)(4) for emergency reserve fund.".

(b) TECHNICAL AMENDMENT.—(1) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting "305(e), 305(f)," after "305(c)(4),".

(2) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting "305(e), 305(f)," after "305(c)(4),".

SEC. 210. EFFECTIVE DATE.

The amendments made by this title shall apply to fiscal year 2001 and subsequent fiscal years, but such amendments shall take effect only after the enactment of legislation changing or extending for any fiscal year the discretionary spending limits set forth in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 or legislation reducing the amount of any sequestration under section 252 of such Act by the amount of any reserve for any emergencies.

TITLE III—ENFORCEMENT OF BUDGETARY DECISIONS

SEC. 301. PURPOSES.

The purposes of this title are to—

(1) close loopholes in the enforcement of budget resolutions;

(2) require committees of the House of Representatives to include budget compliance statements in reports accompanying all legislation; and

(3) require committees of the House of Representatives to justify the need for waivers of the Congressional Budget Act of 1974;

(4) provide cost estimates of conference reports.

Subtitle A—Application of Points of Order to Unreported Legislation

SEC. 311. APPLICATION OF BUDGET ACT POINTS OF ORDER TO UNREPORTED LEGISLATION.

(a) Section 315 of the Congressional Budget Act of 1974 is amended by striking "reported" the first place it appears.

(b) Section 303(b) of the Congressional Budget Act of 1974 (as amended by section 104(b)(1)) is further amended—

(1) in paragraph (1), by striking "(A)" and by redesignating subparagraph (B) as paragraph (2) and by striking the semicolon at the end of such new paragraph (2) and inserting a period; and

(2) by striking paragraph (2) (as redesignated by such section 104(b)(1)).

Subtitle B—Compliance with Budget Resolution

SEC. 321. BUDGET COMPLIANCE STATEMENTS.

Clause 3(d) of rule XIII of the Rules of the House of Representatives is amended by adding at the end the following new subparagraph:

"(4) A budget compliance statement prepared by the chairman of the Committee on the Budget, if timely submitted prior to the filing of the report, which shall include assessment by such chairman as to whether the bill or joint resolution complies with the requirements of sections 302, 303, 306, 311, and 401 of the Congressional Budget Act of 1974 and may include the budgetary implications of that bill or joint resolution under section 251 or 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, as applicable.".

Subtitle C—Justification for Budget Act Waivers

SEC. 331. JUSTIFICATION FOR BUDGET ACT WAIVERS IN THE HOUSE OF REPRESENTATIVES.

Clause 6 of rule XIII of the Rules of the House of Representatives is amended by adding at the end the following new paragraph:

"(h) It shall not be in order to consider any resolution from the Committee on Rules for the consideration of any reported bill or joint resolution which waives section 302, 303, 311, or 401 of the Congressional Budget Act of 1974, unless the report accompanying such resolution includes a description of the provision proposed to be waived, an identification of the section being waived, the reasons why such waiver should be granted, and an estimated cost of the provisions to which the waiver applies.".

Subtitle D—CBO Scoring of Conference Reports

SEC. 341. CBO SCORING OF CONFERENCE REPORTS.

(a) The first sentence of section 402 of the Congressional Budget Act of 1974 is amended as follows:

(1) Insert "or conference report thereon," before "and submit".

(2) In paragraph (1), strike "bill or resolution" and insert "bill, joint resolution, or conference report".

(3) At the end of paragraph (2) strike "and", at the end of paragraph (3) strike the period and insert "; and", and after such paragraph (3) add the following new paragraph:

"(4) A determination of whether such bill, joint resolution, or conference report provides direct spending.".

(b) The second sentence of section 402 of the Congressional Budget Act of 1974 is amended by inserting before the period the following: ", or in the case of a conference report, shall be included in the joint explanatory statement of managers accompanying such conference report if timely submitted before such report is filed".

TITLE IV—ACCOUNTABILITY FOR FEDERAL SPENDING

SEC. 401. PURPOSES.

The purposes of this title are to—

(1) require committees to develop a schedule for reauthorizing all programs within their jurisdictions;

(2) facilitate amendments to subject new entitlement programs to annual discretionary appropriations;

(3) require the Committee on the Budget to justify any allocation to an authorizing committee for legislation that would not be subject to annual discretionary appropriation;

(4) provide estimates of the long-term impact of spending and tax legislation;

(5) provide a point of order for legislation creating a new direct spending program that does not expire within 10 years; and

(6) require a vote in the House of Representatives on any measure that increases the statutory limit on the public debt.

Subtitle A—Limitations on Direct Spending

SEC. 411. FIXED-YEAR AUTHORIZATIONS REQUIRED FOR NEW PROGRAMS.

(a) IN GENERAL.—Section 401 of the Congressional Budget Act of 1974 is amended—

(1) by striking subsections (a) and (b) and inserting the following new subsection:

"(a) LIMITATION ON DIRECT SPENDING.—It shall not be in order in the House of Representatives or in the Senate to consider a bill or joint resolution, or an amendment, motion, or conference report that provides direct spending for a new program, unless such spending is limited to a period of 10 or fewer fiscal years.";

(2) by redesignating subsection (c) as subsection (b) and by striking "Subsections (a) and (b) each place it appears and inserting "Subsection (a)" in such redesignated subsection (b); and

(3) by amending the section heading to read as follows:

"FIXED-YEAR AUTHORIZATIONS REQUIRED FOR DIRECT SPENDING".

(b) CONFORMING AMENDMENT.—The item relating to section 401 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

"Sec. 401. Fixed-year authorizations required for direct spending.".

(c) LIMITATION ON AUTHORIZATION OF DISCRETIONARY APPROPRIATIONS.—Rule XXI of the Rules of the House of Representatives is amended by adding at the end the following new clause:

"6. It shall not be in order to consider any bill, joint resolution, amendment, or conference report that authorizes the appropriation of new budget authority (as defined in section 3(2)(C) of the Congressional Budget and Impoundment Control Act of 1974) for a new program, unless such authorization is specifically provided for a period of 10 or fewer fiscal years.".

SEC. 412. AMENDMENTS TO SUBJECT NEW DIRECT SPENDING TO ANNUAL APPROPRIATIONS.

(a) HOUSE PROCEDURES.—Clause 5 of rule XVIII of the Rules of the House of Representatives is amended by adding at the end the following new paragraph:

"(c)(1) In the Committee of the Whole, an amendment only to subject a new program which provides direct spending to discretionary appropriations, if offered by the chairman of the Committee on the Budget (or his designee) or the chairman of the Committee of Appropriations (or his designee), may be precluded from consideration only by the specific terms of a special order of the House. Any such amendment, if offered, shall be debatable for twenty minutes equally divided and controlled by the proponent of the amendment and a Member opposed and shall not be subject to amendment.

"(2) As used in subparagraph (1), the term 'direct spending' has the meaning given such term in section 3(11) of the Congressional Budget and Impoundment Control Act of 1974.".

(b) ADJUSTMENT OF DISCRETIONARY SPENDING LIMITS FOR DISCRETIONARY APPROPRIATIONS OFFSET BY DIRECT SPENDING SAVINGS.—

(1) PURPOSE.—The purpose of the amendments made by this subsection is to hold the discretionary spending limits and the allocations made to the Committee on Appropriations under section 302(a) of the Congressional Budget Act of 1974 harmless for legislation that offsets a new discretionary program with a designated reduction in direct spending.

(2) DESIGNATING DIRECT SPENDING SAVINGS IN AUTHORIZATION LEGISLATION FOR NEW DISCRETIONARY PROGRAMS.—Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 202) is further amended by adding at the end the following new subsection:

"(e) OFFSETS.—If a provision of direct spending legislation is enacted that—

"(1) decreases direct spending for any fiscal year; and

"(2) is designated as an offset pursuant to this subsection and such designation specifically identifies an authorization of discretionary appropriations (contained in such legislation) for a new program,

then the reductions in new budget authority and outlays in all fiscal years resulting from that provision shall be designated as an offset in the reports required under subsection (d).".

(3) EXEMPTING SUCH DESIGNATED DIRECT SPENDING SAVINGS FROM PAYGO SCORECARD.—Section 252(d)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 202(b)) is further amended by adding at the end the following new subparagraph:

"(B) offset provisions as designated under subsection (e).".

(4) ADJUSTMENT IN DISCRETIONARY SPENDING LIMITS.—Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 202(a)(2)) is further amended by adding at the end the following new subparagraph:

"(G) DISCRETIONARY AUTHORIZATION OFFSETS.—If an Act other than an appropriation Act includes any provision reducing direct spending and specifically identifies any such provision as an offset pursuant to section 252(e), the adjustments shall be an increase in the discretionary spending limits for budget authority and outlays in each fiscal year equal to the amount of the budget authority and outlay reductions, respectively, achieved by the specified offset in that fiscal year, except that the adjustments for the budget year in which the offsetting provision takes effect shall not exceed the amount of discretionary new budget authority provided for the new program (authorized in that Act) in an Act making discretionary appropriations and the outlays flowing therefrom.".

(5) ADJUSTMENT IN APPROPRIATION COMMITTEE'S ALLOCATIONS.—Section 314(b) of the Congressional Budget Act of 1974 (as amended by section 202(d)) is further amended by striking "; or" at the end of paragraph (4), by striking the period and inserting "; or" at the end of paragraph (5), and by adding at the end the following new paragraph:

"(6) the amount provided in an Act making discretionary appropriations for the program for which an offset was designated pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 and any out-

lays flowing therefrom, but not to exceed the amount of the designated decrease in direct spending for that year for that program in a prior law.".

(6) ADJUSTMENT IN AUTHORIZING COMMITTEE'S ALLOCATIONS.—Section 314 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(f) ADJUSTMENT IN AUTHORIZING COMMITTEE'S ALLOCATIONS BY AMOUNT OF DIRECT SPENDING OFFSET.—After the reporting of a bill or joint resolution (by a committee other than the Committee on Appropriations), or the offering of an amendment thereto or the submission of a conference report thereon, that contains a provision that decreases direct spending for any fiscal year and that is designated as an offset pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985, the chairman of the Committee on the Budget shall reduce the allocations of new budget authority and outlays made to such committee under section 302(a)(1) by the amount so designated.".

Subtitle B—Enhanced Congressional Oversight Responsibilities

SEC. 421. TEN-YEAR CONGRESSIONAL REVIEW REQUIREMENT OF PERMANENT BUDGET AUTHORITY.

(a) TIMETABLE FOR REVIEW.—Clause 2(d)(1) of rule X of the Rules of the House of Representatives is amended by striking subdivisions (B) and (C) and inserting the following new subdivision:

"(B) provide in its plans a specific timetable for its review of those laws, programs, or agencies within its jurisdiction, including those that operate under permanent budget authority or permanent statutory authority.".

(b) REVIEW OF PERMANENT BUDGET AUTHORITY BY THE COMMITTEE ON APPROPRIATIONS.—Clause 4(a) of rule X of the Rules of the House of Representatives is amended—

(1) by striking subparagraph (2); and

(2) by redesignating subparagraphs (3) and (4) as subparagraphs (2) and (3) and by striking "from time to time" and inserting "at least once each Congress" in subparagraph (2) (as redesignated).

(c) CONFORMING AMENDMENT.—Clause 4(e)(2) of rule X of the Rules of the House of Representatives is amended by striking "from time to time" and inserting "at least once every ten years".

SEC. 422. JUSTIFICATIONS OF DIRECT SPENDING.

(a) SECTION 302 ALLOCATIONS.—Section 302(a) of the Congressional Budget Act of 1974 (as amended by section 104(a)) is further amended by adding at the end the following new paragraph:

"(5) JUSTIFICATION OF CERTAIN SPENDING ALLOCATIONS.—The joint explanatory statement accompanying a conference report on a joint resolution on the budget that includes any allocation to a committee (other than the Committee on Appropriations) of levels in excess of current law levels shall set forth a justification for not subjecting any program, project, or activity (for which the allocation is made) to annual discretionary appropriation.".

(b) PRESIDENTS' BUDGET SUBMISSIONS.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraph:

"(33) a justification for not subjecting each proposed new direct spending program, project, or activity to discretionary appropriations.".

(c) COMMITTEE JUSTIFICATION FOR DIRECT SPENDING.—Clause 4(e)(2) of rule X of the Rules of the House of Representatives is amended by inserting before the period the following: ", and will provide specific information in any report accompanying such bills and joint resolutions to the greatest extent practicable to justify why the programs, projects, and activities involved would not be subject to annual appropriation".

SEC. 423. SURVEY OF ACTIVITY REPORTS OF HOUSE COMMITTEES.

Clause 1(d) of rule XI of the Rules of the House of Representatives is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) Such report shall include a summary of and justifications for all bills and joint resolutions reported by such committee that—

"(A) were considered before the adoption of the appropriate budget resolution and did not fall within an exception set forth in section 303(b) of the Congressional Budget Act of 1974;

"(B) exceeded its allocation under section 302(a) of such Act or breached an aggregate level in violation of section 311 of such Act; or

"(C) contained provisions in violation of section 401(a) of such Act pertaining to indefinite direct spending authority.

Such report shall also specify the total amount by which legislation reported by that committee exceeded its allocation under section 302(a) or breached the revenue floor under section 311(a) of such Act for each fiscal year during that Congress.".

SEC. 424. CONTINUING STUDY OF ADDITIONAL BUDGET PROCESS REFORMS.

Section 703 of the Congressional Budget Act of 1974 is amended as follows:

(1) In subsection (a), strike "and" at the end of paragraph (3), strike the period at the end of paragraph (4) and insert "; and", and at the end add the following new paragraph:

"(5) evaluating whether existing programs, projects, and activities should be subject to discretionary appropriations.".

(2) In subsection (b), strike "from time to time" and insert "during the One Hundred Sixth Congress".

(3) Add at the end the following new subsection:

"(d) The Committee on the Budget of each House shall establish guidelines for subjecting new or expanded programs, projects, and activities to annual appropriation and recommend any necessary changes in statutory enforcement mechanisms and scoring conventions to effectuate such changes.".

SEC. 425. GAO REPORTS.

The last sentence of section 404 of the Congressional Budget Act of 1974 is amended to read as follows: "Such report shall be revised at least once every five years and shall be transmitted to the chairman and ranking minority member of each committee of the House of Representatives and the Senate.".

Subtitle C—Strengthened Accountability

SEC. 431. TEN-YEAR CBO ESTIMATES.

(a) CBO REPORTS ON LEGISLATION.—Section 308(a)(1)(B) of the Congressional Budget Act of 1974 is amended by striking "four" and inserting "nine".

(b) ANALYSIS BY CBO.—Section 402(1) of the Congressional Budget Act of 1974 is amended by striking "4" and inserting "nine".

(c) COST ESTIMATES.—Clause 3(d)(2)(A) of rule XIII of the Rules of the House of Representatives is amended by striking "five" each place it appears and inserting "10".

SEC. 432. REPEAL OF RULE XXIII OF THE RULES OF THE HOUSE OF REPRESENTATIVES.

Rule XXIII of the Rules of the House of Representatives (relating to the establishment of the statutory limit on the public debt) is repealed.

TITLE V—BUDGETING FOR UNFUNDED LIABILITIES AND OTHER LONG-TERM OBLIGATIONS

SEC. 501. PURPOSES.

The purposes of this title are to—

(1) budget for the long-term costs of Federal insurance programs;

(2) improve congressional control of those costs; and

(3) periodically report on long-term budgetary trends.

Subtitle A—Budgetary Treatment of Federal Insurance Programs

SEC. 511. FEDERAL INSURANCE PROGRAMS.

(a) IN GENERAL.—The Congressional Budget Act of 1974 is amended by adding after title V the following new title:

"TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

"SEC. 601. SHORT TITLE.

"This title may be cited as the 'Federal Insurance Budgeting Act of 1999'.

"SEC. 602. BUDGETARY TREATMENT.

"(a) PRESIDENT'S BUDGET.—Beginning with fiscal year 2006, the budget of the Government pursuant to section 1105(a) of title 31, United States Code, shall be based on the risk-assumed cost of Federal insurance programs.

"(b) BUDGET ACCOUNTING.—For any Federal insurance program—

"(1) the program account shall—

"(A) pay the risk-assumed cost borne by the taxpayer to the financing account, and

"(B) pay actual insurance program administrative costs;

"(2) the financing account shall—

"(A) receive premiums and other income,

"(B) pay all claims for insurance and receive all recoveries,

"(C) transfer to the program account on not less than an annual basis amounts necessary to pay insurance program administrative costs;

"(3) a negative risk-assumed cost shall be transferred from the financing account to the program account, and shall be transferred from the program account to the general fund; and

"(4) all payments by or receipts of the financing accounts shall be treated in the budget as a means of financing.

"(c) APPROPRIATIONS REQUIRED.—(1) Notwithstanding any other provision of law, insurance commitments may be made for fiscal year 2006 and thereafter only to the extent that new budget authority to cover their risk-assumed cost is provided in advance in an appropriation Act.

"(2) An outstanding insurance commitment shall not be modified in a manner that increases its risk-assumed cost unless budget authority for the additional cost has been provided in advance.

"(3) Paragraph (1) shall not apply to Federal insurance programs that constitute entitlements.

"(d) REESTIMATES.—The risk-assumed cost for a fiscal year shall be reestimated in each subsequent year. Such reestimate can equal zero. In the case of a positive reestimate, the amount of the reestimate shall be paid from the program account to the financing account. In the case of a negative reestimate, the amount of the reestimate shall be paid from the financing account to the program account, and shall be transferred from the program account to the general fund. Reestimates shall be displayed as a distinct and separately identified subaccount in the program account.

"(e) ADMINISTRATIVE EXPENSES.—All funding for an agency's administration of a Federal insurance program shall be displayed as a distinct and separately identified subaccount in the program account.

"SEC. 603. TIMETABLE FOR IMPLEMENTATION OF ACCRUAL BUDGETING FOR FEDERAL INSURANCE PROGRAMS.

"(a) AGENCY REQUIREMENTS.—Agencies with responsibility for Federal insurance programs shall develop models to estimate their risk-assumed cost by year through the budget horizon and shall submit those models, all relevant data, a justification for critical assumptions, and the annual projected risk-assumed costs to OMB with their budget requests each year starting with the request for fiscal year 2002. Agencies will likewise provide OMB with annual estimates of modifications, if any, and reestimates of program costs.

"(b) DISCLOSURE.—When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2002, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities would use to estimate the risk-assumed cost of Federal insurance programs and giving such persons an opportunity to submit comments. At the same time, the chairman of the Committee on the Budget shall publish a notice for CBO in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it

would use to estimate the risk-assumed cost of Federal insurance programs and giving such interested persons an opportunity to submit comments.

"(c) REVISION.—(1) After consideration of comments pursuant to subsection (b), and in consultation with the Committees on the Budget of the House of Representatives and the Senate, OMB and CBO shall revise the models, data, and major assumptions they would use to estimate the risk-assumed cost of Federal insurance programs.

"(2) When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2003, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities used to estimate the risk-assumed cost of Federal insurance programs.

"(d) DISPLAY.—

"(1) IN GENERAL.—For fiscal years 2003, 2004, and 2005 the budget submissions of the President pursuant to section 1105(a) of title 31, United States Code, and CBO's reports on the economic and budget outlook pursuant to section 202(e)(1) and the President's budgets, shall for display purposes only, estimate the risk-assumed cost of existing or proposed Federal insurance programs.

"(2) OMB.—The display in the budget submissions of the President for fiscal years 2003, 2004, and 2005 shall include—

"(A) a presentation for each Federal insurance program in budget-account level detail of estimates of risk-assumed cost;

"(B) a summary table of the risk-assumed costs of Federal insurance programs; and

"(C) an alternate summary table of budget functions and aggregates using risk-assumed rather than cash-based cost estimates for Federal insurance programs.

"(3) CBO.—In the second session of the 107th Congress and the 108th Congress, CBO shall include in its estimates under section 308, for display purposes only, the risk-assumed cost of existing Federal insurance programs, or legislation that CBO, in consultation with the Committees on the Budget of the House of Representatives and the Senate, determines would create a new Federal insurance program.

"(e) OMB, CBO, AND GAO EVALUATIONS.—(1) Not later than 6 months after the budget submission of the President pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2005, OMB, CBO, and GAO shall each submit to the Committees on the Budget of the House of Representatives and the Senate a report that evaluates the advisability and appropriate implementation of this title.

"(2) Each report made pursuant to paragraph (1) shall address the following:

"(A) The adequacy of risk-assumed estimation models used and alternative modeling methods.

"(B) The availability and reliability of data or information necessary to carry out this title.

"(C) The appropriateness of the explicit or implicit discount rate used in the various risk-assumed estimation models.

"(D) The advisability of specifying a statutory discount rate (such as the Treasury rate) for use in risk-assumed estimation models.

"(E) The ability of OMB, CBO, or GAO, as applicable, to secure any data or information directly from any Federal agency necessary to enable it to carry out this title.

"(F) The relationship between risk-assumed accrual budgeting for Federal insurance programs and the specific requirements of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(G) Whether Federal budgeting is improved by the inclusion of risk-assumed cost estimates for Federal insurance programs.

"(H) The advisability of including each of the programs currently estimated on a risk-assumed cost basis in the Federal budget on that basis.

"SEC. 604. DEFINITIONS.

"For purposes of this title:

"(1) The term 'Federal insurance program' means a program that makes insurance commitments and includes the list of such programs included in the joint explanatory statement of managers accompanying the conference report on the Comprehensive Budget Process Reform Act of 1999.

"(2) The term 'insurance commitment' means an agreement in advance by a Federal agency to indemnify a nonfederal entity against specified losses. This

term does not include loan guarantees as defined in title V or benefit programs such as social security, medicare, and similar existing social insurance programs.

"(3)(A) The term 'risk-assumed cost' means the net present value of the estimated cash flows to and from the Government resulting from an insurance commitment or modification thereof.

"(B) The cash flows associated with an insurance commitment include—

"(i) expected claims payments inherent in the Government's commitment;

"(ii) net premiums (expected premium collections received from or on behalf of the insured less expected administrative expenses);

"(iii) expected recoveries; and

"(iv) expected changes in claims, premiums, or recoveries resulting from the exercise by the insured of any option included in the insurance commitment.

"(C) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment, and the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment as modified.

"(D) The cost of a reestimate is the difference between the net present value of the amount currently required by the financing account to pay estimated claims and other expenditures and the amount currently available in the financing account. The cost of a reestimate shall be accounted for in the current year in the budget of the Government pursuant to section 1105(a) of title 31, United States Code.

"(E) For purposes of this definition, expected administrative expenses shall be construed as the amount estimated to be necessary for the proper administration of the insurance program. This amount may differ from amounts actually appropriated or otherwise made available for the administration of the program.

"(4) The term 'program account' means the budget account for the risk-assumed cost, and for paying all costs of administering the insurance program, and is the account from which the risk-assumed cost is disbursed to the financing account.

"(5) The term 'financing account' means the nonbudget account that is associated with each program account which receives payments from or makes payments to the program account, receives premiums and other payments from the public, pays insurance claims, and holds balances.

"(6) The term 'modification' means any Government action that alters the risk-assumed cost of an existing insurance commitment from the current estimate of cash flows. This includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of existing insurance commitments.

"(7) The term 'model' means any actuarial, financial, econometric, probabilistic, or other methodology used to estimate the expected frequency and magnitude of loss-producing events, expected premiums or collections from or on behalf of the insured, expected recoveries, and administrative expenses.

"(8) The term 'current' has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(9) The term 'OMB' means the Director of the Office of Management and Budget.

"(10) The term 'CBO' means the Director of the Congressional Budget Office.

"(11) The term 'GAO' means the Comptroller General of the United States.

"SEC. 605. AUTHORIZATIONS TO ENTER INTO CONTRACTS; ACTUARIAL COST ACCOUNT.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $600,000 for each of fiscal years 2000 through 2005 to the Director of the Office of Management and Budget and each agency responsible for administering a Federal program to carry out this title.

"(b) TREASURY TRANSACTIONS WITH THE FINANCING ACCOUNTS.—The Secretary of the Treasury shall borrow from, receive from, lend to, or pay the insurance financing accounts such amounts as may be appropriate. The Secretary of the Treasury may prescribe forms and denominations, maturities, and terms and conditions for the transactions described above. The authorities described above shall not be construed to supersede or override the authority of the head of a Federal agency to administer and operate an insurance program. All the transactions provided in

this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code. Cash balances of the financing accounts in excess of current requirements shall be maintained in a form of uninvested funds, and the Secretary of the Treasury shall pay interest on these funds.

"(c) APPROPRIATION OF AMOUNT NECESSARY TO COVER RISK-ASSUMED COST OF INSURANCE COMMITMENTS AT TRANSITION DATE.—(1) A financing account is established on September 30, 2005, for each Federal insurance program.

"(2) There is appropriated to each financing account the amount of the risk-assumed cost of Federal insurance commitments outstanding for that program as of the close of September 30, 2005.

"(3) These financing accounts shall be used in implementing the budget accounting required by this title.

"SEC. 606. EFFECTIVE DATE.

"(a) IN GENERAL.—This title shall take effect immediately and shall expire on September 30, 2007.

"(b) SPECIAL RULE.—If this title is not reauthorized by September 30, 2007, then the accounting structure and budgetary treatment of Federal insurance programs shall revert to the accounting structure and budgetary treatment in effect immediately before the date of enactment of this title.".

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 507 the following new items:

"TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

"Sec. 601. Short title.
"Sec. 602. Budgetary treatment.
"Sec. 603. Timetable for implementation of accrual budgeting for Federal insurance programs.
"Sec. 604. Definitions.
"Sec. 605. Authorizations to enter into contracts; actuarial cost account.
"Sec. 606. Effective date.".

Subtitle B—Reports on Long-Term Budgetary Trends

SEC. 521. REPORTS ON LONG-TERM BUDGETARY TRENDS.

(a) THE PRESIDENT'S BUDGET.—Section 1105(a) of title 31, United States Code (as amended by section 404), is further amended by adding at the end the following new paragraph:

"(34) an analysis based upon current law and an analysis based upon the policy assumptions underlying the budget submission for every fifth year of the period of 75 fiscal years beginning with such fiscal year, of the estimated levels of total new budget authority and total budget outlays, estimated revenues, estimated surpluses and deficits, and, for social security, medicare, medicaid, and all other direct spending, estimated levels of total new budget authority and total budget outlays; and a specification of its underlying assumptions and a sensitivity analysis of factors that have a significant effect on the projections made in each analysis; and a comparison of the effects of each of the two analyses on the economy, including such factors as inflation, foreign investment, interest rates, and economic growth.".

(b) CBO REPORTS.—Section 202(e)(1) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentences: "Such report shall also include an analysis based upon current law for every fifth year of the period of 75 fiscal years beginning with such fiscal year, of the estimated levels of total new budget authority and total budget outlays, estimated revenues, estimated surpluses and deficits, and, for social security, medicare, medicaid, and all other direct spending, estimated levels of total new budget authority and total budget outlays. The report described in the preceding sentence shall also specify its underlying assumptions and set forth a sensitivity analysis of factors that have a significant effect on the projections made in the report.".

TITLE VI—BASELINES, BYRD RULE, AND LOCKBOX

SEC. 601. PURPOSE.

The purposes of this title are to—

(1) require budgetary comparisons to prior year levels;

(2) restrict the application of the Byrd rule to measures other than conference reports; and

(3) establish a procedure to allow savings from spending cuts in appropriation measures to be locked-in to increase the surplus or reduce the deficit.

Subtitle A—The Baseline

SEC. 611. THE PRESIDENT'S BUDGET.

(a) Paragraph (5) of section 1105(a) of title 31, United States Code, is amended to read as follows:

"(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year, and, except for detailed budget estimates, the percentage change from the current year to the fiscal year for which the budget is submitted for estimated expenditures and for appropriations.".

(b) Section 1105(a)(6) of title 31, United States Code, is amended to read as follows:

"(6) estimated receipts of the Government in the current year and the fiscal year for which the budget is submitted and the 4 fiscal years after that year under—

"(A) laws in effect when the budget is submitted; and

"(B) proposals in the budget to increase revenues,

and the percentage change (in the case of each category referred to in subparagraphs (A) and (B)) between the current year and the fiscal year for which the budget is submitted and between the current year and each of the 9 fiscal years after the fiscal year for which the budget is submitted.".

(c) Section 1105(a)(12) of title 31, United States Code, is amended to read as follows:

"(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

"(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted;

"(B) the estimated appropriation required because of the proposal for each of the 4 fiscal years after that year that the proposal will be in effect; and

"(C) the estimated amount for the same activity or function, if any, in the current fiscal year,

and, except for detailed budget estimates, the percentage change (in the case of each category referred to in subparagraphs (A), (B), and (C)) between the current year and the fiscal year for which the budget is submitted.".

(d) Section 1105(a)(18) of title 31, United States Code, is amended by inserting "new budget authority and" before "budget outlays".

(e) Section 1105(a) of title 31, United States Code, (as amended by sections 412(b) and 521(a)) is further amended by adding at the end the following new paragraphs:

"(35) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction.

"(36) a table on sources of growth in total direct spending under current law and as proposed in this budget submission for the budget year and the ensuing 9 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.".

(f) Section 1109(a) of title 31, United States Code, is amended by inserting after the first sentence the following new sentence: "For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).".

SEC. 612. THE CONGRESSIONAL BUDGET.

Section 301(e) of the Congressional Budget Act of 1974 (as amended by section 103) is further amended—

(1) in paragraph (1), by inserting at the end the following: "The basis of deliberations in developing such joint resolution shall be the estimated budgetary levels for the preceding fiscal year. Any budgetary levels pending before the committee and the text of the joint resolution shall be accompanied by a document comparing such levels or such text to the estimated levels of the prior fiscal year. Any amendment offered in the committee that changes a budgetary level and is based upon a specific policy assumption for a program, project, or activity shall be accompanied by a document indicating the estimated amount for such program, project, or activity in the current year."; and

(2) in paragraph (2), by striking "and" at the end of subparagraph (H) (as redesignated), by striking the period and inserting "; and" at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

"(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.".

SEC. 613. CONGRESSIONAL BUDGET OFFICE REPORTS TO COMMITTEES.

(a) The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting "compared to comparable levels for the current year" before the comma at the end of subparagraph (A) and before the comma at the end of subparagraph (B).

(b) Section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following new sentence: "Such report shall also include a table on sources of spending growth in total direct spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.".

(c) Section 308(a)(1)(B) of the Congressional Budget Act of 1974 is amended by inserting "and shall include a comparison of those levels to comparable levels for the current fiscal year" before "if timely submitted".

SEC. 614. OUTYEAR ASSUMPTIONS FOR DISCRETIONARY SPENDING.

For purposes of chapter 11 of title 31 of the United States Code, or the Congressional Budget Act of 1974, unless otherwise expressly provided, in making budgetary projections for years for which there are no discretionary spending limits, the Director of the Office of Management and Budget and the Director of the Congressional Budget Office shall assume discretionary spending levels at the levels for the last fiscal year for which such levels were in effect.

Subtitle B—The Byrd Rule

SEC. 621. LIMITATION ON BYRD RULE.

(a) PROTECTION OF CONFERENCE REPORTS.—Section 313 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (c), by striking "and again upon the submission of a conference report on such a reconciliation bill or resolution,";

(2) by striking subsection (d);

(3) by redesignating subsection (e) as subsection (d); and

(4) in subsection (e), as redesignated—

(A) by striking ", motion, or conference report" the first place it appears and inserting ", or motion"; and

(B) by striking ", motion, or conference report" the second and third places it appears and inserting "or motion".

(b) CONFORMING AMENDMENT.—The first sentence of section 312(e) of the Congressional Budget Act of 1974 is amended by inserting ", except for section 313," after "Act".

Subtitle C—Spending Accountability Lock-box

SEC. 631. SHORT TITLE.

This subtitle may be cited as the "Spending Accountability Lock-box Act of 1999".

SEC. 632. SPENDING ACCOUNTABILITY LOCK-BOX LEDGER.

(a) ESTABLISHMENT OF LEDGER.—Title III of the Congressional Budget Act of 1974 (as amended by sections 104(c) and 206(a)) is further amended by adding after section 317 the following new section:

"SPENDING ACCOUNTABILITY LOCK-BOX LEDGER

"SEC. 318. (a) ESTABLISHMENT OF LEDGER.—The chairman of the Committee on the Budget of the House of Representatives and the chairman on the Committee on the Budget of the Senate shall each maintain a ledger to be known as the 'Spending Accountability Lock-box Ledger'. The Ledger shall be divided into entries corresponding to the subcommittees of the Committees on Appropriations. Each entry shall consist of three components: the 'House Lock-box Balance'; the 'Senate Lock-box Balance'; and the 'Joint House-Senate Lock-box Balance'.

"(b) COMPONENTS OF LEDGER.—Each component in an entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

"(c) CREDIT OF AMOUNTS TO LEDGER.—(1) In the House of Representatives or the Senate, whenever a Member offers an amendment to an appropriation bill to reduce new budget authority in any account, that Member may state the portion of such reduction that shall be—

"(A) credited to the House or Senate Lock-box Balance, as applicable; or

"(B) used to offset an increase in new budget authority in any other account;

"(C) allowed to remain within the applicable section 302(b) suballocation.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the House or Senate Lock-box Balance, as applicable, if the amendment is agreed to.

"(2)(A) Except as provided by subparagraph (B), the chairmen of the Committees on the Budget shall, upon the engrossment of any appropriation bill by the House of Representatives and upon the engrossment of Senate amendments to that bill, credit to the applicable entry balance of that House amounts of new budget authority and outlays equal to the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by that House to that bill.

"(B) When computing the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the House of Representatives or the Senate to an appropriation bill, the chairmen of the Committees on the Budget shall only count those portions of such amendments agreed to that were so designated by the Members offering such amendments as amounts to be credited to the House or Senate Lock-box Balance, as applicable, or that fall within the last sentence of paragraph (1).

"(3) The chairmen of the Committees on the Budget shall, upon the engrossment of Senate amendments to any appropriation bill, credit to the applicable Joint House-Senate Lock-box Balance the amounts of new budget authority and outlays equal to—

"(A) an amount equal to one-half of the sum of (i) the amount of new budget authority in the House Lock-box Balance plus (ii) the amount of new budget authority in the Senate Lock-box Balance for that subcommittee; and

"(B) an amount equal to one-half of the sum of (i) the amount of outlays in the House Lock-box Balance plus (ii) the amount of outlays in the Senate Lock-box Balance for that subcommittee.

"(4) CALCULATION OF LOCK-BOX SAVINGS IN SENATE.—For purposes of calculating under this section the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the Senate on an appropriation bill, the amendments reported to the Senate by its Committee on Appropriations shall be considered to be part of the original text of the bill.

"(d) DEFINITION.—As used in this section, the term 'appropriation bill' means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

"(e) TALLY DURING HOUSE CONSIDERATION.—The chairman of the Committee on the Budget of the House of Representatives shall maintain a running tally of the

amendments adopted reflecting increases and decreases of budget authority in the bill as reported. This tally shall be available to Members in the House of Representatives during consideration of any appropriations bill by the House.".

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 317 the following new item:

"Sec. 318. Spending accountability lock-box ledger.".

SEC. 633. DOWNWARD ADJUSTMENT OF SECTION 302(a) ALLOCATIONS AND SECTION 302(b) SUBALLOCATIONS.

(a) ALLOCATIONS.—Section 302(a) of the Congressional Budget Act of 1974 (as amended by section 422) is further amended by adding at the end the following new paragraph:

"(6) ADJUSTMENT OF ALLOCATIONS.—Upon the engrossment of Senate amendments to any appropriation bill (as defined in section 318(d)) for a fiscal year, the amounts allocated under paragraph (1) to the Committee on Appropriations of each House upon the adoption of the most recent joint resolution on the budget for that fiscal year shall be adjusted downward by the amounts credited to the applicable Joint House-Senate Lock-box Balance under section 318(c)(2). The revised levels of new budget authority and outlays shall be submitted to each House by the chairman of the Committee on the Budget of that House and shall be printed in the Congressional Record.".

(b) SUBALLOCATIONS.—Section 302(b) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentence: "Whenever an adjustment is made under subsection (a)(6) to an allocation under that subsection, the Committee on Appropriations of each House shall make downward adjustments in the most recent suballocations of new budget authority and outlays under this subparagraph to the appropriate subcommittees of that committee in the total amounts of those adjustments under section 318(c)(2). The revised suballocations shall be submitted to each House by the chairman of the Committee on Appropriations of that House and shall be printed in the Congressional Record.".

SEC. 634. PERIODIC REPORTING OF LEDGER STATEMENTS.

Section 308(b)(1) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentence: "Such reports shall also include an up-to-date tabulation of the amounts contained in the ledger and each entry established by section 318(a).".

SEC. 635. DOWNWARD ADJUSTMENT OF DISCRETIONARY SPENDING LIMITS.

The discretionary spending limits for new budget authority and outlays for any fiscal year set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, shall be reduced by the amounts set forth in the final regular appropriation bill for that fiscal year or joint resolution making continuing appropriations through the end of that fiscal year. Those amounts shall be the sums of the Joint House-Senate Lock-box Balances for that fiscal year, as calculated under section 302(a)(6) of the Congressional Budget Act of 1974. That bill or joint resolution shall contain the following statement of law: "As required by section 635 of the Spending Accountability Lock-box Act of 1999, for fiscal year [insert appropriate fiscal year] and each outyear, the adjusted discretionary spending limit for new budget authority is reduced by $ [insert appropriate amount of reduction] and the adjusted discretionary limit for outlays is reduced by $ [insert appropriate amount of reduction] for the fiscal year and each outyear.". Section 306 shall not apply to any bill or joint resolution because of such statement. This adjustment shall be reflected in reports under sections 254(f) and 254(g) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Subtitle D—Automatic Continuing Resolution

SEC. 641. AUTOMATIC CONTINUING RESOLUTION.

(a) AMENDMENT TO TITLE 31.—Chapter 13 of title 31, United States Code, is amended by inserting after section 1310 the following new section:

"§ 1311. Continuing appropriations

"(a)(1) If any regular appropriation bill for a fiscal year does not become law prior to the beginning of such fiscal year and a joint resolution making continuing appropriations (other than pursuant to this subsection) is not in effect, there is appropriated, out of any moneys in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, such sums as may be

necessary to continue any program, project, or activity for which funds were provided in the preceding fiscal year—

"(A) in the corresponding regular appropriation Act for such preceding fiscal year; or

"(B) if the corresponding regular appropriation bill for such preceding fiscal year did not become law, then in a joint resolution making continuing appropriations for such preceding fiscal year.

"(2)(A) Except as provided by subparagraphs (B), (C), and (D), appropriations and funds made available, and authority granted, for a program, project, or activity for any fiscal year pursuant to this section shall be at a rate of operations not in excess of the rate of operations provided for in the regular appropriation Act providing for such program, project, or activity for the preceding fiscal year, or in the absence of such an Act, the rate of operations provided for such program, project, or activity pursuant to a joint resolution making continuing appropriations for such preceding fiscal year.

"(B) The applicable rate of operations for a program, project, or activity for any fiscal year pursuant to this section shall exclude amounts—

"(i) for which any adjustment was made under section 251(b)(2)(A) or section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 before the date of enactment of this section;

"(ii) provided for emergencies for which an exemption from section 251 or 252 of such Act is granted under section 317(c) of the Congressional Budget Act of 1974; or

"(iii) for which any adjustment is made under section 251(b)(2)(C) or (D) of such Act.

"(C) The applicable rate of operations for a program, project, or activity for any fiscal year pursuant to this section shall be increased by the amount provided for such program, project, or activity in any supplemental or special appropriations Act for such fiscal year for such such program, project, or activity and shall be reduced by any amount rescinded for such such program, project, or activity in any rescission bill for that fiscal year that is enacted into law.

"(D) The applicable rate of operations for a program, project, or activity for any fiscal year pursuant to this section shall be reduced by the amount of budgetary resources cancelled in any such program, project, or activity resulting from the prior year's sequestration under section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 as published in OMB's final sequestration report for the prior fiscal year.

"(3) Appropriations and funds made available, and authority granted, for any fiscal year pursuant to this section for a program, project, or activity shall be available for the period beginning with the first day of a lapse in appropriations and ending with the earlier of—

"(A) the date on which the applicable regular appropriation bill for such fiscal year becomes law (whether or not such law provides for such program, project, or activity) or a continuing resolution making appropriations becomes law, as the case may be, or

"(B) the last day of such fiscal year.

"(b) An appropriation or funds made available, or authority granted, for a program, project, or activity for any fiscal year pursuant to this section shall be subject to the terms and conditions imposed with respect to the appropriation made or funds made available for the preceding fiscal year, or authority granted for such program, project, or activity under current law.

"(c) Appropriations and funds made available, and authority granted, for any program, project, or activity for any fiscal year pursuant to this section shall cover all obligations or expenditures incurred for such program, project, or activity during the portion of such fiscal year for which this section applies to such program, project, or activity.

"(d) Expenditures made for a program, project, or activity for any fiscal year pursuant to this section shall be charged to the applicable appropriation, fund, or authorization whenever a regular appropriation bill or a joint resolution making continuing appropriations until the end of a fiscal year providing for such program, project, or activity for such period becomes law.

"(e) This section shall not apply to a program, project, or activity during a fiscal year if any other provision of law (other than an authorization of appropriations)—

"(1) makes an appropriation, makes funds available, or grants authority for such program, project, or activity to continue for such period, or

"(2) specifically provides that no appropriation shall be made, no funds shall be made available, or no authority shall be granted for such program, project, or activity to continue for such period; or

"(f) For purposes of this section, the term 'regular appropriation bill' means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of programs, projects, and activities:

"(1) Agriculture, rural development, and related agencies programs.

"(2) The Departments of Commerce, Justice, and State, the judiciary, and related agencies.

"(3) The Department of Defense.

"(4) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

"(5) The Departments of Labor, Health and Human Services, and Education, and related agencies.

"(6) The Department of Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.

"(7) Energy and water development.

"(8) Foreign assistance and related programs.

"(9) The Department of the Interior and related agencies.

"(10) Military construction.

"(11) The Department of Transportation and related agencies.

"(12) The Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies.

"(13) The legislative branch.".

(b) CONFORMING AMENDMENT.—Section 202(e)(3) of the Congressional Budget Act of 1974 is amended by inserting "and on or before September 30" before "of each year".

(c) CHAPTER ANALYSIS.—The analysis of chapter 13 of title 31, United States Code, is amended by inserting after the item relating to section 1310 the following new item:

"1311. Continuing appropriations.".

(d) EFFECT OF AMENDMENTS.—Nothing in the amendments made by this section shall be construed to affect Government obligations mandated by other law, including obligations with respect to social security, medicare, and medicaid.

TITLE VII—BUDGETING IN AN ERA OF SURPLUSES

SEC. 701. PAYGO REQUIREMENTS AND THE ON-BUDGET SURPLUS.

(a) Section 252(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"(a) PURPOSE.—The purpose of this section is to trigger an offsetting sequestration in the amount by which any excess of decreases in receipts and increases in direct spending over increases in receipts and decreases in direct spending, caused by all direct spending and receipts legislation enacted prior to October 1, 2002, exceeds estimates of the on-budget surplus.".

(b) TIMING AND CALCULATION OF SEQUESTRATION.—Section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"(b) SEQUESTRATION.—

"(1) TIMING.—Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to offset an amount equal to—

"(A) any excess of decreases in receipts and increases in direct spending over increases in receipts and decreases in direct spending for legislation enacted prior to October 1, 2002; minus

"(B) the estimated on-budget surplus,

as calculated under paragraph (2) (which shall not be less than zero).

"(2) CALCULATION OF SEQUESTRATION.—OMB shall calculate the amount of the sequestration by adding—

"(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d) for legislation enacted prior to October 1, 2002;

"(B) the estimated amount of savings in direct spending programs applicable to the budget year resulting from the prior year's sequestration under this section, if any, as published in OMB's final sequestration report for that prior year; and

"(C) all OMB estimates for the current year that were not reflected in the final OMB sequestration report for that year; and

then by subtracting from such sum the OMB estimate for the budget year of the on-budget surplus (if any) as set forth in the OMB final sequestration report increased by the amount of budgetary resources cancelled in any such program, project, or activity resulting from a sequestration for the budget year on the same day under section 251 as published in OMB's final sequestration report.".

(c) PREVIEW REPORTS.—Section 254(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by redesignating subparagraph (C) as subparagraph (D) and by adding after subparagraph (B) the following new subparagraph:

"(C)(i) MANDATORY.—In projecting the on-budget surplus (if any) for the budget year, direct spending and receipts shall be calculated consistent with the assumptions under section 257(b) but shall exclude all estimates of direct spending and receipts legislation for such year enacted after the date of enactment of this subparagraph (as estimated by OMB when such legislation was originally enacted).

"(ii) DISCRETIONARY.—Except as provided by the preceding sentence, the following assumptions shall apply to the calculation of such estimated surplus:

"(I) For programs, projects, and activities for which a regular appropriation Act or a joint resolution (other than pursuant to section 1311 of title 31, United States Code) continuing appropriations through the end of the budget year is enacted, budgetary resources other than unobligated balances shall be at the level provided by that Act with the following adjustments:

"(aa) Include amounts of budget authority provided and rescinded for such year in any supplemental or special appropriation Act or rescission bill that is enacted into law.

"(bb) Reduce the level by the amount of budgetary resources canceled in any such program, project, or activity by a sequestration under section 251 as published in OMB's final sequestration report for such year.

Substantive changes to or restrictions on entitlement law or other mandatory spending law in an appropriation Act shall be counted in determining the level of direct spending and receipts for purposes of calculating the on-budget surplus under this section.

"(II) For programs, projects, and activities for which a regular appropriation Act or a joint resolution (other than pursuant to section 1311 of title 31, United States Code) continuing appropriations through the end of the budget year is not enacted, budgetary resources other than unobligated balances shall be at the level provided for the current year in regular appropriation Acts or a joint resolution (other than pursuant to section 1311 of title 31, United States Code) continuing appropriations through the end of the current year with the following adjustments:

"(aa) Include amounts of budget authority provided and rescinded for such year in any supplemental or special appropriation Act or rescission bill that is enacted into law.

"(bb) Reduce the level by the amount of budgetary resources canceled in any such program, project, or activity by a sequestration under section 251 as published in OMB's final sequestration report for such year.

Substantive changes to or restrictions on entitlement law or other mandatory spending law in an appropriation Act shall be counted in determining the level of direct spending and receipts for purposes of calculating the on-budget surplus under this section. After making such adjustments, further adjust such amount using the assumptions set forth in section 257(c)(1)–(5).

(d) DEFINITION OF ON-BUDGET SURPLUS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new paragraph:

"(20) The term 'on-budget surplus' means, with respect to a fiscal year, the amount by which receipts exceed outlays for all spending and receipt accounts of the United States Government that are designated as on-budget. Such term does not include outlays and receipts of the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or any other off-budget entity.".

(e) EXPEDITED RECONCILIATION PROCESS.—Section 258C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) The side heading of subsection (a) is amended by inserting "OR IN THE HOUSE OF REPRESENTATIVES" after "SENATE".

(2) In paragraphs (1), (2), (3), and (4) of subsection (a), insert "or House" after "Senate" each place it appears.

(3) In subsection (a)(7), strike "For" and insert "In the Senate, for".

(4) In subsection (b)(1), insert "or House" after "Senate".

(5) In the side heading of subsection (b)(4), insert "OTHER" after "THE".

(6) In subsection (b)(4), strike "in the Senate from the House" and insert "in the Senate or House of Representatives from the other House", strike "Senate" the second place it appears and insert "Senate or House of Representatives, as the case may be,", and strike "Senate" the third place it appears and insert "in the applicable House".

Introduction

This legislation is the product of two partnerships that began in the 105th Congress.

The first is that of majority and minority Members of the House. While holding fast to their own principles, these participants shared a conviction that the budget process needed reform—reform that would meet the concerns of both political parties. The Budget Committee's task force on budget process reform—co-chaired by Representatives Jim Nussle of Iowa and Benjamin L. Cardin of Maryland—was emblematic of this bipartisan approach.

The second critical partnership was that of two key House committees: the Committee on the Budget and the Committee on Rules. Both have fundamental interests in the budget process, but significantly different roles and perspectives. Throughout the development of this legislation, members of both committees sought common ground that would meet their respective jurisdictional concerns. A key member of this partnership was Representative Porter J. Goss, Chairman of the House Rules Subcommittee on Legislative and Budget Process.

Budgetary procedures cannot, by themselves, yield better budgets. Only elected policymakers, acting responsibly and on principle, can do that.

But the framework of the process does significantly affect the nature of the annual budget debate—and therefore its outcome. Properly fashioned, the process should promote consensus, responsibility, accountability, and discipline. It is, after all, the means by which policymakers handle trillions of dollars of someone else's money.

This bipartisan plan amends the Congressional Budget and Impoundment Control Act of 1974 in the following ways:

- By giving the budget the force of law, and promoting consensus rather than conflict in the development of budgetary priorities.
- By budgeting up front for emergencies.
- By strengthening the enforcement of budgetary decisions.
- By enhancing accountability for government spending.
- By addressing the long-term implications of the government's budgetary decisions.
- By mitigating the biases in the process toward higher spending.
- By modifying budgetary requirements to meet the new era of surpluses rather than deficits.

The Federal Government's budgetary practices have evolved throughout the century. Some of the changes have proved durable

and beneficial. Others have not. This act seeks to maintain the framework of the budget process but correct its weaknesses. As the Nation stands on the threshold of a new century, this legislation should be enacted—to promote consensus, responsibility, accountability, and discipline in the way the Federal Government handles the public's money.

Short Summary

TITLE I—JOINT BUDGET RESOLUTION

Title I converts the concurrent budget resolution as an exercise of Congressional rulemaking into a joint resolution that is submitted to the President for his or her signature or veto. In the event the Congress and the President are not able to agree to a budget resolution, the Congress is permitted to move a concurrent resolution under expedited procedures.

Significant changes are made in the content of the budget resolution. The 20 budget functions, across which proposed spending levels are distributed, are replaced by four broad spending categories. Any provision not specifically sanctioned by the Budget Act subjects the entire budget resolution to a point of order that would preclude its consideration. Moreover, the resolution would be denied the expedited procedures accorded to reconciliation bills.

To increase pressure on Congress to complete a budget resolution, title I repeals a series of exceptions that allow tax and spending bills to be considered in the absence of a budget resolution.

TITLE II—RESERVE FUND FOR EMERGENCIES

Title II replaces existing procedures for adjusting the appropriate levels in the the budget resolution and discretionary spending limits for amounts designated for an emergency with the codification of the definition for an emergency and a reserve fund for emergencies.

An emergency is defined as an unanticipated situation that requires new budget authority and outlays for the preservation of life, property, or national security. "Unanticipated" is further defined as sudden, urgent, unforeseen and temporary. In addition, the Budget Committees are required to develop guidelines for applying the definition to specific bills.

The President's budget submission, the budget resolution, and any discretionary spending limits that may be in effect are required to assume an amount for emergencies. This amount is initially withheld from the Appropriation Committee's allocations. The allocations are then increased on a bill-by-bill basis if the Budget Committee determines the amounts provided in the bill are for legitimate emergencies. If a bill is reported that exceeds the amount remaining in the reserve fund, then the bill is referred to the Budget Committee before it may be considered on the floor.

TITLE III—ENFORCEMENT OF BUDGETARY DECISIONS

Title III provides procedures to enhance enforcement of the budget resolution. Subtitle A extends to nonreported bills restrictions

against considering bills before the budget resolution is agreed to or bills in excess of the levels established by the budget resolution. Subtitle B requires any committee reporting a bill to include a statement from the Budget Committee as to whether it complies with the budget resolution. Similarly, subtitle C requires the Rules Committee to justify, in its accompanying report, any rule that waives any section of the Budget Act. Finally, subtitle D requires that the Congressional Budget Office [CBO] score conference reports and that the estimate be included in the appropriate reports.

TITLE IV—ACCOUNTABILITY FOR FEDERAL SPENDING

Title IV establishes new procedures to enhance accountability for Federal spending that replace the existing procedures set forth in the Budget Act. Subtitle A requires each committee to submit a schedule for reauthoriz ing, within 10 years, all programs within its jurisdiction. Subtitle B establishes a point of order against any bill that authorizes a new program for a period in excess of 10 years.

Subtitle A also prohibits the House from waiving certain amendments that would subject proposed new entitlements to annual appropriations. To further facilitate such amendments, it provides for an automatic increase in the Appropriations Committee's allocations and the discretionary spending limits for any bill that authorizes a new discretionary program and offsets it with mandatory savings.

Subtitle B also requires the Budget Committee periodically to report on certain budget process reforms; the Appropriations and authorization committees to report on bills that breach the budget resolution; and the General Accounting Office [GAO] to provide an inventory of mandatory programs.

Subtitle C requires CBO to prepare cost estimates covering a 10-year period. Finally, subtitle C repeals House Rule XXIII, which enables the House to pass a bill increasing the statutory limit on the public debt without having to vote on it.

TITLE V—BUDGETING FOR UNFUNDED LIABILITIES

Title V focuses on long-term obligations that generally are not captured in the short-term window of the budget. Subtitle A provides for a 6-year transition for Federal insurance programs from a cash basis to a risk-assumed basis. Risk-assumed budgeting, which is similar to the budgetary treatment of direct loans and loan guarantees, captures the unsubsidized financial liabilities for these programs that are borne by taxpayers rather than the short-term cash flows.

Subtitle B builds into the budget process periodic reports on long-term budgetary projections. These projections are based on both current law and assumed policies in the President's budget. They focus on overall spending, revenue, and surplus or deficit levels, as well as projected levels for major entitlements.

TITLE VI—BASELINES, BYRD RULE, LOCK-BOX, AND AUTOMATIC CONTINUING RESOLUTION

Subtitle A stipulates that estimates of all budgetary proposals include comparisons to the comparable levels of the prior year. It further provides that for any outyear in which there are no discretionary spending caps in effect, discretionary spending should be held at a level consistent with the caps the last year in which they were in effect.

Subtitle B restricts the application of the so-called Byrd rule, which enables 40 Members of the Senate to strip from reconciliation bills provi sions that they deem extraneous. The restriction allows the Byrd rule to apply only to Senate-passed reconciliation bills.

Subtitle C establishes procedures for the sponsors of floor amendments to appropriations bills to dedicate any savings from their amendments to reduce total discretionary spending and thereby increase the surplus or reduce the deficit. The sponsor of any amendment can indicate whether the savings from the amendment go to the lock-box, to another program, project, or activity in the same bill, or to unspecified needs in another appropriations bill. The appropriate levels in the budget resolution and the discretionary spending limits, if any, are reduced by the amount dedicated to the lock-box.

Subtitle D provides automatic continuing appropriations for any discretionary program, project, or activity for which an appropriation is not provided by the beginning of the fiscal year. The appropriation is at the prior year's level.

TITLE VII—PAYGO REQUIREMENTS

Title VII modifies pay-as-you-go [PAYGO] requirements, which require offsets for legislation that cut taxes or increase entitlement spending. As modified by this title, Congress and the President would be permitted on a bill-by-bill basis to decide whether to offset tax cuts and entitlement initiatives when there is an on-budget surplus (i.e. when the sum of all non-Social Security revenue exceeds the sum of all non-Social Security outlays). Nevertheless, offsets would be required for any enacted legislation that would otherwise increase the on-budget deficit, implicitly using the surpluses in the Social Security trust funds. If for any fiscal year in which PAYGO is in effect, the sum of all revenue and direct spending bills exceeds the on-budget surplus, there would be a sequester in the amount of the difference. In determining the amount of any sequester, OMB would used an updated estimate of the on-budget surplus.

Background and Purpose

TITLE I—BUDGET WITH THE FORCE OF LAW

Current Law. Under current law, Congress and the President have their own vehicles for establishing overall budgetary priorities, but no institutional means of reaching agreement between the two branches. The Budget and Accounting Act of 1921 (Public Law 67–13, 42 Stat. 20), requires the President to annually submit a budget for the U.S. Government. By law, the budget submission must contain detailed information for each agency, including budget requests for individual programs and appropriations accounts, the text of proposed appropriations language, and descriptions of legislative proposals. The submission also includes historical tables, performance plans and data, the President's budget message, and other summary tables and descriptive information on the administration's proposals.

The President's budget has no legal force: it is simply a statement of the President's budget priorities. The Congress is free to adopt, ignore, or revise these priorities as it considers its own budget resolution, the appropriations bills, and any tax or entitlement bills. But the administration budget does provide the basis for much of congressional deliberations on subsequent spending and tax bills.

Until the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344, 80 Stat. 297) was enacted, the Congress had no means of establishing its own budgetary priorities comparable to the President's budget submission. In a post-Watergate effort to enhance the congressional role in the budget process, the Budget Act required the Congress each year to adopt a concurrent resolution on the budget. This resolution sets the broad budgetary parameters for subsequent spending and tax legislation. As a concurrent resolution, the congressional budget is not presented to the President; hence it does not have the force of law. Rather, it is a vehicle that establishes rules and procedures that are binding only on the Congress.

In contrast to the detail of the President's budget submission, the congressional budget resolution focuses on the broad spending and revenue aggregates, rather than specific programmatic funding levels or policy issues. It establishes spending and revenue levels as well as the resulting level of the debt or surplus. It distributes the recommended spending levels across 20 broad categories of Federal spending, known as budget functions [see Table 1]. The resolution may also include binding reconciliation directives to the authorizing committees to report tax and entitlement legislation that can achieve specified revenue and spending targets. In the report accompanying the resolution, any new spending authority assumed in

the resolution is allocated to the appropriate committees of jurisdiction.

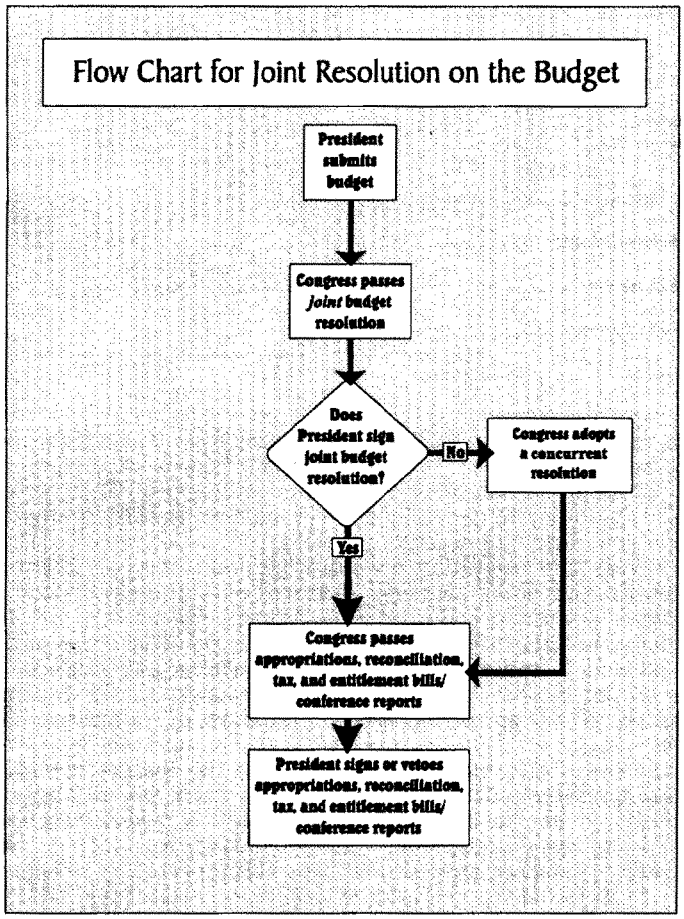
TABLE 1.—CURRENT FORMAT OF CONCURRENT BUDGET RESOLUTION

		2000	2001	2002	2003	2004	2005
BUDGET AGGREGATES							
Total Spending	BA						
	OT						
Revenues							
Change in revenue							
Deficit/Surplus							
Debt subject to limits							
BUDGET FUNCTIONS							
050: National Defense	BA						
	OT						
150: International Affairs	BA						
	OT						
250: Science, Space, and Technology	BA						
	OT						
270 Energy	BA						
	OT						
300: Natural Resources and Environment	BA						
	OT						
350: Agriculture	BA						
	OT						
370: Commerce and Housing Credit	BA						
	OT						
400: Transportation	BA						
	OT						
450: Community and Regional Development	BA						
	OT						
500: Education, Training, Employment, and Social Services	BA						
	OT						
550: Health	BA						
	OT						
570: Medicare	BA						
	OT						
600: Income Security	BA						
	OT						
650: Social Security	BA						
	OT						
700: Veterans Benefits and Services	BA						
	OT						
750: Administration of Justice	BA						
	OT						
800: General Government	BA						
	OT						
900: Net Interest	BA						
	OT						
920: Allowances	BA						
	OT						
950: Undistributed Offsetting Receipts	BA						
	OT						

It is important to note that only the budget aggregates and the allocations in the accompanying report are binding on Congress when it considers subsequent spending and tax legislation. The functional levels are entirely advisory and are largely ignored by the spending and tax committees. In the House, a simple majority routinely waives these requirements before the consideration of most legislation. In the Senate, these requirements are waived only

if a point of order is raised and only if the waiver is agreed to by three-fifths of the Senate.

Summary of Proposal. This title establishes a regular process for Congress and the President to reach agreement on overall budget priorities, by converting the concurrent budget resolution into a joint resolution that becomes law if the President signs it or his veto is overridden by Congress. The contents of the resolution are simplified to focus negotiations on broad budgetary issues. A fail-safe mechanism is included to allow the Congress to consider tax and spending bills on the basis of congressional priorities in the event the Congress and the President are unable to agree on a joint budget resolution. The figure below shows how this process would unfold.



To focus deliberations on broad budgetary priorities, the 20 budget functions are replaced with subtotals for mandatory and discretionary spending, with the discretionary further divided between

defense and nondefense spending. As under current law, the joint resolution must also include the deficit or surplus levels, and the amount of any recommended revenue change. The resolution may include an increase in the statutory limit on the debt if submitted by the Committee on Ways and Means.

The joint resolution format also contains a special category "emergency" spending. This is further described in the discussion under Title II. The format of the proposed joint resolution is displayed in Table 2.

TABLE 2.—PROPOSED FORMAT OF JOINT BUDGET RESOLUTION

		2000	2001	2002	2003	2004	2005
BUDGET AGGREGATES							
Total spending	BA	.....	.....	.....	.....	.....	.....
	OT	.....	.....	.....	.....	.....	.....
Revenues		.....	.....	.....	.....	.....	.....
Change in revenue		.....	.....	.....	.....	.....	.....
Interest		.....	.....	.....	.....	.....	.....
Surplus/Deficit		.....	.....	.....	.....	.....	.....
Debt subject to limits		.....	.....	.....	.....	.....	.....
BY CATEGORY							
Total direct spending	BA	.....	.....	.....	.....	.....	.....
	OT	.....	.....	.....	.....	.....	.....
Total discretionary spending	BA	.....	.....	.....	.....	.....	.....
	OT	.....	.....	.....	.....	.....	.....
Defense spending	BA	.....	.....	.....	.....	.....	.....
	OT	.....	.....	.....	.....	.....	.....
Nondefense spending	BA	.....	.....	.....	.....	.....	.....
	OT	.....	.....	.....	.....	.....	.....
Emergencies	BA	.....	.....	.....	.....	.....	.....
	OT	.....	.....	.....	.....	.....	.....

The reconciliation directives are shifted from the legislative text of the budget resolution to the House and Senate reports, or to the joint explanatory statement of the managers. This preserves Congress's ability to decide which committees should be directed to achieve spending and revenue targets.

To ensure the resolution does not become a vehicle making programmatic and policy changes that are outside the jurisdiction of the House and Senate Budget Committees, the process reform bill provides that the resolution is subject to a point of order and loses its status as a budget resolution if it contains any nonsanctioned item. In the Senate, any extraneous provision would deprive the resolution of its protection from filibusters or unlimited amendments.

In the event of protracted stalemate on the budget resolution, a fallback procedure allows the Congress to move tax and appropriations bills on the basis of its own priorities. If a joint resolution is vetoed, then the Congress can quickly consider a concurrent resolution under expedited procedures. This resolution may establish the same or different spending and revenue levels than the vetoed budget resolution. The Budget Committee chairman can introduce a concurrent resolution within 5 days after the bill has been vetoed. If the Budget Committee does not report the resolution within 5 days, it is discharged and available for floor consideration.

Purpose of Proposed Change. A joint budget resolution procedure will change the underlying presumption of the budget process from conflict to consensus. Currently the process promotes conflict because Congress and the President propose their own budgets and are not required to agree on a common set of budget priorities. There is no institutional framework that presupposes a budget agreement, so any agreements that do occur are ad hoc. The two branches tend to use their respective budgets to differentiate their priorities from one another.

In a sense, the players do not even share the same field when the budget process begins. Because it has no legislative weight, the President's budget—even with all its extensive detail—often becomes principally an instrument of public relations. By contrast, the congressional budget resolution is a framework for legislative activity—specifically appropriations bills and, if necessary, reconciliation legislation. The President has no commensurate role until the end—and then typically in piecemeal fashion, signing or vetoing the various spending, entitlement, and tax bills that reach the White House one by one. It is a formula for legislative friction—and for dismantling, brick by brick, any comprehensive view of governing that either side might try to embrace in an overall budget blueprint.

A joint resolution places both Congress and the President on the same playing field, by drawing both into an action that expresses their constitutional roles in governing. The President may sign the resolution or refuse to sign it—but either choice is an exercise of the President's executive power. In that respect, the President's decision is commensurate with that of House and Senate Members, who exercise their legislative power by voting on the resolution.

A joint resolution will draw the President into negotiations early in the year—rather than near the eve of a new fiscal year, when protracted disagreements can lead to a shutdown of government agencies (please also see Title VI). A joint resolution also would allow the President to help shape the blueprint that guides the 13 appropriations bills, as well as any entitlement or tax bills.

The absence of such an approach has contributed to the nearly annual delays in the completion of Congress's budget work. In an era of divided government, the Congress devotes much of its time to considering spending and tax measures that are ultimately vetoed by the President. This is, after all, the President's principal means of expressing disagreement with Congress's budgetary priorities. With a joint resolution, the President could express these disagreements early, before the eve of the new fiscal year, and the potential shutdown of government agencies, bring undue pressure on the process.

By bringing the President into the process earlier the joint resolution will also minimize conflict at the end of the process. If the President and Congress have already agreed on the total levels of defense and nondefense discretionary spending, conflict over the appropriations bills will be limited to determining how to divide up these levels across the 13 appropriations subcommittees and the specific funding levels for individual programs. Similarly, if both sides have agreed to a tax cut of a certain size in the context of

a joint resolution, the President is more likely to sign a tax bill consistent with the budget resolution.

The stripped down structure of the joint resolution will focus policymakers' attention on the elements of the budget that are critical to reaching a budget agreement: the appropriate levels of the deficit or surplus, the total levels of revenue and spending, with spending broken down between mandatory and discretionary, and discretionary further broken down between defense and nondefense. These are the categories that have been incorporated in virtually every budget agreement since 1987 when there was divided government.

In contrast to these broad categories, the budget functions in the concurrent resolution are neither relevant to subsequent stages of the budget process nor enforceable. A given budget function is a hybrid of mandatory and discretionary programs that span the jurisdictions of multiple authorizing and appropriations committees. The only enforceable elements are the budget aggregates and the allocations to the Appropriations and authorizing committees. These amounts are hidden in the report accompanying the budget resolution. Particularly in the area of discretionary spending, a major source of conflict over the budget resolution has been the distribution of discretionary spending across the various budget functions, even though the actual decisions are made during the appropriations process.

The joint resolution will enhance the ability of both the Congress and the President to enforce the levels set forth in the budget resolution. Although the budget resolution levels will not be directly enforced by sequestration, their heightened visibility will make it difficult for Congress to pass, and the President sign, legislation that is inconsistent with these levels. Congress will retain the ability to enforce these levels with sequestration as part of reconciliation or other freestanding legislation.

Above all, the public will be able more readily to understand a process in which there is a *single* budget for the U.S. Government, and in which Congress and the President use a *lawmaking* process to reach a budget agreement. Representatives in Congress and the White House must be held accountable by the citizens they represent; but accountability is possible only when the people can understand the significance of the decisions being made, and the roles of those who make them.

TITLE II—RESERVE FUND FOR EMERGENCIES

Current Law. The current budgetary treatment of emergencies dates from the imposition of fixed limits on discretionary appropriations, and pay-as-you-go requirements for taxes and entitlements, in the Budget Enforcement Act of 1990 [BEA 90] (Public Law 101–508, 104 Stat. 1388, Stat. 573–628). Under the BEA 90, any item in an appropriations bill that is designated by both the Congress and the President as an emergency, in whole or in part, is exempt from the Appropriations Committee's allocation in the budget resolution; the aggregate spending levels established in the budget resolution; and the discretionary spending limits set forth in the Balanced Budget and Emergency Deficit Control Act. Similarly, any provision in a direct spending bill designated an emer-

gency is not counted for purposes of determining whether the sum of all direct spending and receipt legislation increases the deficit.

Usually the designation is included in the legislative text of an appropriations bill that provides the actual appropriation for the emergency and is considered to have been designated by the President upon enactment. In some cases, the Congress may designate a provision in the bill for congressional purposes only. The President is then free to sign these bills and designate all or none of the provisions as an emergency in subsequent releases of contingent emergency spending.

The Budget Enforcement Act of 1990 imposed no limitations on emergency appropriations, other than to require that they be designated as such by both Congress and the President. There is no statutory definition of what constitutes an emergency. Nor are there specific, applicable criteria with which to determine whether a given appropriation or direct spending provision is a legitimate emergency. There is no limit on the amount that Congress and the President may designate as an emergency.

Under section 258 of the Balanced Budget and Emergency Deficit Control Act, there are special procedures to suspend enforcement of both the discretionary spending limits and PAYGO requirements and the budget resolution's allocations and aggregates during an economic downturn or a war. In the case of an economic downturn, the Senate is required to consider, and the House may consider, a joint resolution that if adopted will suspend any sequestration under both the discretionary spending limits and PAYGO requirements and points of order under the budget resolution. In the case of a declaration of war, sequestration and points of order are automatically suspended.

In the area of natural disasters, Public Law 102–229, the *Desert Storm* supplemental appropriations bill, specified that any amounts appropriated for the Stafford Act in excess of $320 million were to be considered as "emergency requirements" under the discretionary spending limits. At the time, the $320-million threshold represented the 10-year average obligational level of the Federal Emergency Management Agency [FEMA].

The Balanced Budget Act of 1997 [BBA] continued to hold the budget resolution levels and the discretionary spending limits harmless for appropriations for designated emergencies, but changed the way in which the budget accounts for such spending. Instead of exempting designated amounts from the discretionary spending limits, the BBA stipulates that the discretionary spending limits are raised by the amount of the designated appropriation. Direct spending provisions designated as emergencies are exempt from PAYGO requirements (H.R. 2015, Public Law 105–33).

According to Table 3, Congress and the President have enacted more than $146 billion in emergency-designated appropriations since statutory limits were first imposed on discretionary spending in 1990. Of this amount, $44 billion was for Operation *Desert Storm*, most of which was later reimbursed by the United States' allies in the conflict.

TABLE 3.—EMERGENCIES IN REGULAR AND SUPPLEMENTAL APPROPRIATIONS

[Dollars in millions]

Fiscal year		Without Desert Storm
1991	$45,846	$1,509
1992	16,168	16,168
1993	6,029	6,029
1994	13,855	13,855
1995	7,935	7,935
1996	5,051	5,051
1997	9,536	9,536
1998	5,903	5,903
1999	34,356	34,356
2000	1,881	1,881
Total	146,560	102,223

Excluding *Desert Storm*, Congress and the President have enacted $102 billion in emergency spending since 1991.

The distribution of outlays is shown in Table 4. Not surprisingly, the largest shares are for the Department of Defense and FEMA at 55 percent and 16 percent, respectively. The Department of Agriculture accounts for 10 percent of the total, with much of it coming in fiscal years 1992 and 1993. The Small Business Administration accounts for another 1 percent. The rest is spread across a dozen agencies and Cabinet departments.

TABLE 4.—DISTRIBUTION OF EMERGENCY APPROPRIATIONS BY AGENCY

[Fiscal year 1991 to 2000]

Agency	Dollars in millions	Percent
Dept. of Defense (Military)	$81,075	55%
Federal Emergency Management Agency	23,205	16%
Dept. of Agriculture	15,156	10%
Small Business Administration	2,167	1%
All Other	24,957	17%
Total	146,560	100.0%

With one exception, the vast majority of emergency spending has been provided in supplemental appropriations, rather than in regular appropriations bills. Table 5 shows that between fiscal years 1991 and 1999, emergency spending in regular appropriation bills average less than 17 percent of the total, with a somewhat higher share in fiscal years 1994, 1995, and 1997. For fiscal year 1999, however, most of the emergency spending was provided in a single, omnibus appropriations bill that encompassed 8 regular appropriation bills.

TABLE 5.—DISTRIBUTION OF EMERGENCY SPENDING BETWEEN REGULAR AND SUPPLEMENTAL APPROPRIATIONS

[Dollars in millions]

Fiscal year	Regular	Supplemental	Percent in supplementals
1991	$1,000	$44,846	98%
1992	314	15,854	98%
1993	878	5,151	85%

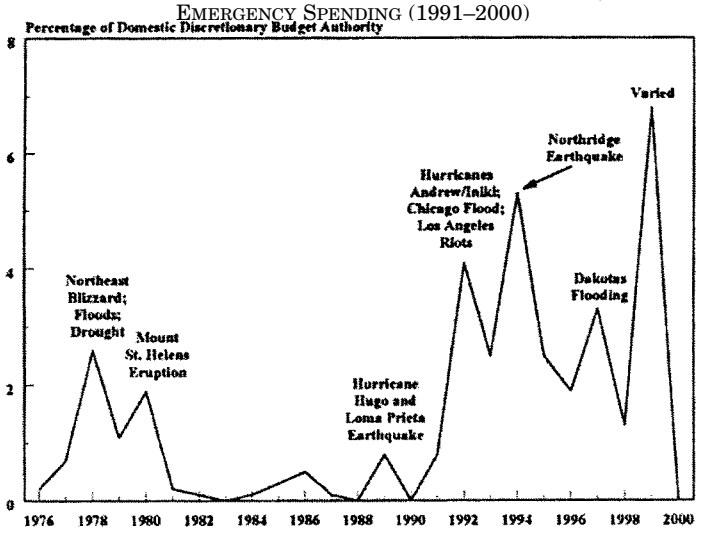
TABLE 5.—DISTRIBUTION OF EMERGENCY SPENDING BETWEEN REGULAR AND SUPPLEMENTAL APPROPRIATIONS—Continued

[Dollars in millions]

Fiscal year	Regular	Supplemental	Percent in supplementals
1994	1,901	11,954	86%
1995	1,704	6,231	79%
1996	487	4,564	90%
1997	2,122	7,414	78%
1998	313	5,590	95%
1999	21,444	12,912	38%
Total	30,163	114,516	Average=83%

The intermittent nature of domestic emergencies is evident in the figure below, which shows supplemental spending for domestic emergencies as a percentage of discretionary spending. After peaking at a little over 2.5 percent in 1978, emergency spending declined to less than 0.5 percent between mid-1980 and the beginning of 1988. It then jumped up to 1.5 percent for Hurricane Hugo and the Loma Prieta earthquake in 1990; 4 percent in 1992 for Hurricanes Andrew and Iniki, the Chicago flood, and the Los Angeles riots; then 5 percent in 1994 for the Northridge earthquake; and back down to 3 percent for the Dakota flooding in 1997. The 1999 omnibus bill provided emergency spending totaling more than 7 percent of total discretionary spending.

FIGURE 3.—SUPPLEMENTAL SPENDING FOR DISASTERS (1976–1990) AND DOMESTIC EMERGENCY SPENDING (1991–2000)



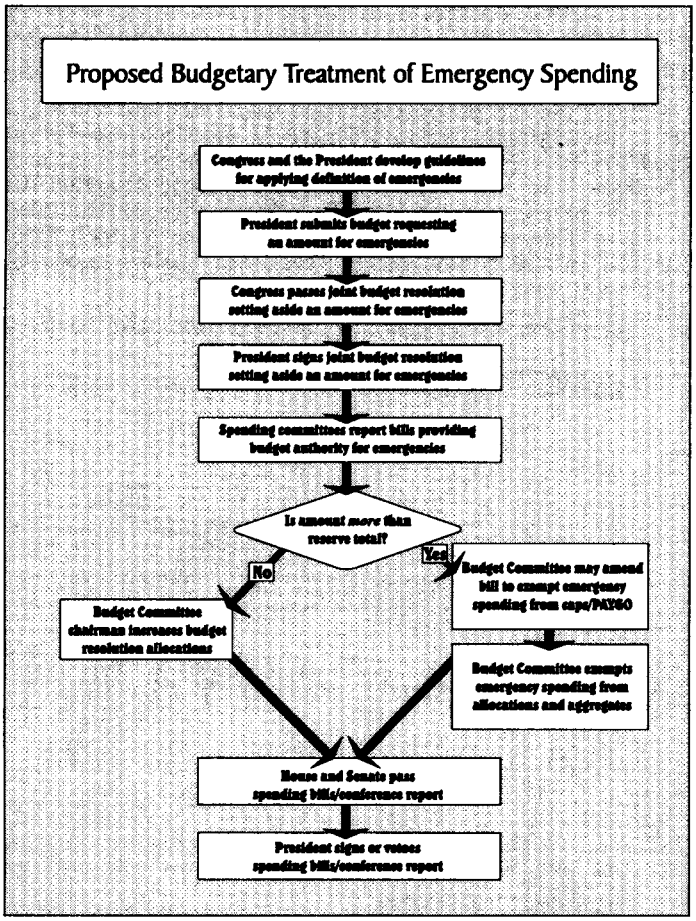
SOURCE: Congressional Budget Office.

SOURCE: Congressional Budget Office.

NOTES: The figure shows the disasters and emergencies that largely accounted for the spikes in spending. Pre-1991 data are from Congressional Budget Office, *Supplemental Appropriations in the 1970s* (July 1981), and *Supplemental Appropriations in the 1980s* (February 1990). Post-1990 spending includes both regular and supplemental appropriations enacted as of June 3, 1999. All data exclude defense and international discretionary spending.

Summary of Proposal. Title II fundamentally changes the budgetary treatment of emergency spending. These changes would apply to the congressional budget process, the discretionary spending limits, and PAYGO requirements. It would require both the budget resolution and the discretionary spending limits to assume a specified amount for emergencies, based on historical spending patterns. An objective definition of "emergency" would be written into the law. The amount in the budget resolution available for emergencies would be released on a bill-by-bill basis for those measures that provided funding for certified emergencies.

The process for providing for emergencies is shown in the figure below:



Both the President and Congress would be required to set aside an amount for emergencies. The amount would be equal to a 5-year rolling average of appropriations for emergencies. The President would be required to include this amount in his budget submission.

Congress would be required to assume the emergency amount in the budget resolution. The discretionary spending limits would assume a specified amount for emergencies.

The bill codifies, for the first time, an objective yet broad definition of what constitutes an emergency. Drawing from a definition developed by the Office of Management and Budget [OMB] in 1991, Title II defines an emergency as a situation that:

> * * * requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security.

The definition also requires that to qualify as an emergency, an event must be "unanticipated"—meaning it is sudden, urgent, unforeseen, and temporary. It is important to note that both aspects of the definition must be present for a spending provision to qualify as an emergency.

On the basis of this definition, the Budget Committee chairmen, working with the Office of Management and Budget and the appropriations and authorizing committees, are required to develop specific guidelines for determining whether appropriations for specific programs, projects, or activities are for emergencies based upon the above definition.

The budget resolution would explicitly set forth an amount for emergencies. The amount would be initially withheld from the 302(a) allocations. In reporting a bill providing emergency spending, the Appropriations Committee would be required to include in the accompanying report a justification of why the appropriation qualifies as an emergency. The Budget Committee would then ascertain whether such an amount qualifies under the definition of "emergency." The chairman would then adjust the allocations by the amount that the committee determined was for a legitimate emergency. For bills providing appropriations for multiple emergencies, if the Budget Committee determined that not all the items qualified, the committee would adjust the allocation only for the certified emergency amount.

In the event of emergency funding that exceeds the reserve fund amounts, the procedure is as follows: The emergency spending bill is automatically referred to the Budget Committee. The Budget Committee may exempt some or all of the amount—the appropriation or, in the case of an authorization bill, direct spending provision—from the discretionary spending limits or, if appropriate, PAYGO requirements. The Budget Committee must report the bill within 5 legislative days, or the legislation is automatically discharged and placed on the calendar. If the Budget Committee reports the bill with an amendment exempting some or all of the bill from the discretionary spending limits or PAYGO requirements, then the Budget Committee chairman is required to make the appropriate adjustments in the discretionary spending limits, and aggregates.

Purposes of Proposed Change. The main purposes of the proposed change in budgetary treatment of emergency spending are: first, to limit emergency funding to unanticipated situations in which there exists a threat to life, property, or national security;

second, to anticipate funding needs for emergencies, and prevent the diversion of funds for emergency accounts to lower priority programs; third, to preserve Congress's "power of the purse"; and fourth, to discourage the attachment of extraneous provisions to emergency supplemental appropriations bills.

The procedures in this title provide reasonable assurance that spending that is purportedly for emergencies is, in fact, provided for legitimate emergencies. It reflects a consensus that emergencies arise from situations that are unanticipated and pose a threat to life, property, or national security. In the early years after OBRA90, Congress and the President more or less limited the emergency designation to legitimate emergencies. But the discipline began to break down in the mid-1990's. In 1993, the House passed a $16.3-billion supplemental spending bill requested by the President. The Senate ultimately killed the supplemental, when it began to appear that much of the appropriation was focused on many of the President's core constituencies.

In 1998, the emergency designation process virtually collapsed when the Congress and the President enacted an omnibus appropriations bill that encompassed eight of the 13 regular appropriations bills. In addition to the $10.2 billion for repairing flood and hurricane damage, the bill contained $11.3 billion for what appeared to be important, but not unanticipated or life threatening, needs such as year 2000 [Y2K] computer conversions, which received $3.35 billion in funding. Although the Y2K problem clearly posed a threat to intellectual property and needed to be accommodated in the budget, it was hardly unanticipated: the General Accounting Office [GAO] had been warning about it since as early as 1993.

Table 6 shows some of the other items in the bill that, although important, could not be called "sudden, urgent, unforeseen, and temporary."

TABLE 6.—INAPPROPRIATELY DESIGNATED EMERGENCY SPENDING

[Omnibus Appropriations Bill Public Law 105–27]

Item	Amount
Defense Health Program	$200,000,000
Defense Ongoing Overseas Contingency Operations	1,858,600,000
Ballistic Missile Defense Program Enhancements	1,000,000,000
Purchase of Natural Uranium from Russia	325,000,000
Coast Guard Operating Expenses	100,000,000
Coast Guard Construction and Capital Acquisition	100,000,000
Non-Defense Y2K Conversion	2,250,000,000
Defense Y2K Conversion	1,100,000,000
Commercial Fishing Failure Assistance to Persons in the Northeast Multispecies Fishery	5,000,000
Assistance for the New Independent States of the Soviet Union	46,000,000
Agriculture Research Service for Counter-Drug Research and Development	23,000,000
Drug Enforcement Administration Salaries and Expenses	10,200,000
Immigration and Naturalization Service Integrated Surveillance Information Systems	10,000,000
Mohair Recourse Loans	27,000,000
Wildland Fire Management	102,000,000
Low Income Home Energy Assistance	300,000,000

Please Note: The committee recognizes that many of the items in this table represent important spending provisions. Their inclusion here simply reflects that they do not meet both sets of criteria for an emergency as defined in this legislation—especially that they are not sudden, urgent, unforeseen, and temporary.

The reserve-fund procedure set forth in this title requires policymakers to anticipate emergency needs much as they do for any pro-

gram. As suggested by the above table, although it is impossible to predict specific emergencies, it is clearly reasonable to assume that emergencies will arise and to anticipate the amount of Federal resources that will be required to respond to such them.

For example, the Federal Emergency Management Agency [FEMA] is a major part of the Federal Government's emergency response apparatus. Between 1992 and 1999, FEMA has required $25.4 billion in budget authority, with a high of $5.4 billion in fiscal year 1994 and a low of $1.2 billion in fiscal year 1999 [see Table 7]. On the basis of this information. it is possible to anticipate FEMA's funding needs. Indeed, FEMA's annual budget requests already are based on a 5-year rolling average of the amount it actually obligates in a given fiscal year.

TABLE 7.—FEMA APPROPRIATIONS (DISASTER RELIEF)

[Dollars in millions]

Fiscal year	Actual [1]	Regular appropriations bill
1992	$4,178	$184
1993	2,027	292
1994	5,409	292
1995	2,592	320
1996	3,393	320
1997	4,620	320
1998	1,920	320
1999	1,214	308
Total	25,353	2,356

[1] Final appropriations including supplementals.

Yet despite the predictability of FEMA's funding needs, FEMA is consistently underfunded in the regular appropriations bills; most of its funding needs are met in supplemental appropriations. As seen in the table below, between fiscal years 1992 and 1999, an average of $300 million has been provided in the regular appropriations bills and $2.9 billion in the supplemental bills.

What happens to money that should have been appropriated for FEMA's average needs? Under fixed limits on discretionary spending, it goes to lower priority programs. Then the President, careful not to underfund FEMA, sends supplemental requests later in the year, which Congress then funds in a supplemental appropriations bill. The supplemental includes an emergency designation that raises the discretionary spending limits by the amount that could have been provided in the regular appropriations bill.

The budgetary framework for emergencies in this bill will reduce some of the pressure to increase discretionary spending. By requiring budgeting in advance for emergencies—and by stipulating criteria for releasing these emergency funds—the reform will effectively plug the largest loophole in the discretionary spending limits. If this title had been in effect last year, Congress would not have exceeded the spending discretionary spending limits by $20 billion, because many of the supplemental provisions would have failed to meet the definition of "emergencies," and because the amount would have exceeded the amount in the reserve fund. To accommodate the $20 billion, Congress and the President would have had to find offsets in other discretionary programs or publicly concede

they were breaching the budget agreement by enacting a law that explicitly raised the discretionary spending limits.

A reserve fund for emergencies also has the potential to expedite legislative action on the emergency appropriations. In recent years, the debate over what constitutes an emergency, and whether and how it should be offset, has been contentious and time-consuming. Offsetting the reserve through the budget resolution seems an obvious solution. If the emergency reserve fund were financed through the budget resolution, then it could be financed with both mandatory and discretionary savings that crossed the jurisdiction of multiple committees. Moreover, because the budget resolution would now be a joint resolution, the President would be brought into the overall financing scheme.

Finally, this title preserves Congress's "power of the purse" even as it subjects emergency spending to budgetary controls. Although the President must include a set-aside for emergencies, the Congress controls the levers over the reserve fund. It is the Appropriations Committee that must appropriate the funds for emergencies on a bill-by-bill basis. It is the Budget Committee that withholds the emergency reserve from the allocations and then adjusts the allocations on a case-by-case basis. At no point is the President appropriated the funds in advance and given the discretion to use them for whatever purpose he deems appropriate.

TITLE III—ENFORCEMENT OF BUDGETARY DECISIONS

Subtitle A—Application of Points of Order to Unreported Legislation

Current Law. Both the House and Senate are prohibited from considering spending and tax legislation before the budget resolution is agreed to; and when the budget resolution is adopted, they are prohibited from considering legislation exceeding the resolution's budget aggregates and allocations. These restrictions appear under sections 302(f), 303(a), and 311(a), respectively, of the Congressional Budget Act. Any Member of the House can enforce these prohibitions by raising a point of order when the measure is brought to the floor. If the Chair sustains the point of order, then the House is precluded from further consideration of the measure. Such points of order may be raised against reported bills and joint resolutions, amendments, conference reports, and certain motions.

In a significant exception to these restrictions in the House, a bill brought to the floor without having been reported by the committee of jurisdiction is not subject to points of order because the restrictions do not literally apply to nonreported bills. The language of section 302(f) of the Congressional Budget Act reads as follows:

> (1) LEGISLATION SUBJECT TO POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.—After the Congress has competed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, joint resolution, or amendment providing new budget authority for any fiscal year, or a conference report on any such bill or joint resolution if——
>
> (A) the enactment of such bill or resolution *as reported;*

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommending such conference report,

would cause the applicable allocation of new budget authority made under section (a) or (b) for the first fiscal year or the total of fiscal years to be exceeded. (Italics added.)

In the Senate, however, the point of order can be raised against nonre ported bills. The comparable restriction for exceeding the allocations in the Senate reads as follows:

(2) IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause—

(A) in the case of any committee except the Committee on Appropriations, the applicable allocation of new budget authority or outlays under subsection (a) for the first fiscal year or the total of fiscal years to be exceeded; or

(B) in the case of the Committee on Appropriations, the applicable suballocation of new budget authority or outlays under subsection (b) to be exceeded.

Although bills and resolutions must be reported before they are considered on the floor under House Rule XIII, they can be brought directly to the floor under a House resolution providing for the consideration of the measure. One reason for bringing unreported bills to the floor has been to avoid a point of order or, more frequently, to avoid the necessity of waiving the point of order.

Summary of Proposal. Subtitle A extends all Budget Act requirements under sections 302(f), 303(a), and 311(a) to bills that are considered on the floor without having been ordered reported from the committee of jurisdiction. Both the House and Senate would be prohibited from considering an unreported bill that is considered before the resolution is agreed to, that exceeds the appropriate committee's allocation, that reduces revenue below the revenue aggregates, or that exceeds the aggregates for budget authority and outlays. Any unreported bill would be subject to a point of order that, if raised and sustained by the presiding officer, would preclude further consideration of the measure.

Purpose of Proposed Change. The reason for extending Budget Act requirements to unreported bills is to strengthen enforcement of the budget resolution. Loopholes in the process that permit the enactment of legislation exceeding the level of the budget resolution call into question the very utility of having a budget (whether joint or concurrent). In the case of the loophole for unreported bills, the majority leadership of both parties has occasionally bypassed the committees of jurisdiction to avoid the embarrassment of waiving the Budget Act.

In 1991 a series of bills dealing with veterans' benefits were brought to the floor without being reported by committee (H.R. 3, H.R. 111, and H.R. 180). Although these bills exceeded the Veterans Affairs Committee's allocation of new budget authority, they did not technically violate section 302(f) of the Budget Act—because they were not reported by the committee of jurisdiction—and

hence were not subject to the point of order. In another example, the House considered a bill offered by Senator Dole during the Presidential campaign of 1996. Even though the revenue loss from the bill would have reduced revenue below the revenue floor, a point of order under section 311(a) of the Budget Act could not be raised against the bill because it was not reported from the Committee on Ways and Means.

Applying points of order to nonreported bills also provides for more equitable enforcement of the Budget Act for members of the minority. Because in the House the majority effectively determines what bills can be brought to the floor—and often the minority's only means of shaping legislation is through amendments—the minority is at a decided disadvantage when the majority brings a nonreported bill to the floor. The bill may clearly breach the aggregates and appropriate allocations, but the minority cannot block it through a point of order. Moreover, any amendment that might be offered with comparable violations of the Budget Act is subject to a point of order.

On July 24, 1998, the House considered H.R. 4250, the Patient Protection Act of 1998. This legislation, which provided for a change in revenue, was not reported out of the Ways and Means Committee. Had it been a reported bill, it would have been subject to a point of order under section 303 (a) of the Congressional Budget Act, which specifically prohibits such changes prior to the passage of a concurrent resolution on the budget. But a point of order under this same section of the Budget Act was sustained against a motion to recommit the bill because it too would have provided for a change in revenues. Thus a point of order did not arise against the bill under consideration because it had not been reported by committee, but did lie against the motion to recommit, though both were equally guilty of violating the Budget Act.

Although this rule was developed by the previous majority, the Budget Committee believes it is unfair for the majority to exceed its own budget resolution, and then prevent the minority from offering amendments. At a time when the Congress is closely divided, policy decisions should be made on their merits, and not on the basis of rules that only restrict the minority. In ensuring the rules are fair for all parties, the Budget Committee hopes to encourage the bipartisan efforts that led to the development of this bill.

Applying the Budget Act to nonreported bills will also bring House procedures in line with those of the Senate, which already enforces points of order against nonreported bills. The congressional budget process was designed to provide a common set of procedures by which the House and Senate could agree to a budget. It makes little sense to have the same rule but to enforce it differently in each House. In this case, it makes the House more dependent on the Senate to enforce the budget resolution.

There are two other reasons for applying points of order to nonreported bills. First, the current loophole encourages the leadership to bypass the committee system in the development of important legislation. This was clearly a factor in the case of H.R. 4250. Second, the disparity in the treatment of nonreported bills in the House and the Senate contributes to the inefficiency of the current

process. It makes little sense to agree to a common set of levels between the House and the Senate, with or without the President's formal input in the process, if the House can unilaterally circumvent any budgetary level it has agreed to.

Subtitle B—Compliance with Budget Resolution

Current Law. A point of order can be raised in the House against any reported bill or resolution that is considered before the budget resolution is agreed to, or that exceeds the allocations and aggregates in the budget resolution. In the House, however, these requirements can be preemptively waived by a simple majority in the resolution (rule) providing for the consideration of the measure. By contrast, it takes three-fifths of the Senate to waive a point of order for a bill that exceeds the allocations or aggregates, though such a vote on a waiver may occur only if the point of order is actually raised.

If a reported bill or joint resolution violates the Budget Act, the Budget Committee chairman frequently urges the chairman of the reporting committee to seek a rule that self-executes an amendment eliminating the violation. Occasionally the chairman of the reporting committee will refuse, and will instead request a rule that waives the point of order. In such cases, the chairman of the reporting committee is not required to formally justify why his or her committee was unable to comply with the budget resolution. Under clause 3(c) of House Rule XXIII, the committee reports need only include a cost estimate prepared by CBO and, if the estimate is not available, a comparison of the amount of budget authority provided by the measure and the committee's allocation.

Summary of Proposal. Subtitle B stipulates that the report on any bill or joint resolution must include a statement from the Budget Committee indicating whether the bill violates the Budget Act. The compliance statement is to be prepared by the chairman of the Budget Committee. In addition to stating whether the bill is within the allocations and aggregates established by the budget resolution, the statement may discuss whether the bill complies with any statutory controls over the budget, such as discretionary spending limits and PAYGO requirements for taxes and entitlements.

Purpose of Proposed Change. The purpose of requiring the reporting committee to include this statement is to put pressure on its members to keep legislation within the levels established by the budget resolution. By requiring the statement to be included in the report, the violation will be widely disseminated throughout the Congress, the administration, and the public at large.

Subtitle C—Justification for Budget Act Waivers

Current Law. Neither the Congressional Budget Act nor the Rules of the House of Representatives require committees to keep track of all bills within their jurisdictions that violate any section of the Budget Act. House committees generally concern themselves with Budget Act violations only when floor consideration is at hand—specifically, when the Rules Committee is determining

whether to report a resolution that, for a given measure, amends the measure to eliminate the violation, or waives the applicable sections of the Budget Act.

Summary of Proposal. Section 423 requires the Appropriations Committee and each of the authorizing committees to include in its oversight report—required under clause (d) of House Rule XI—a list of all measures reported during a given session that exceeded the committee's allocations, exceeded the budget aggregates, or were considered before the budget resolution was agreed to. The provision also requires each committee to include the total amount by which its reported bills exceeded its allocations.

Purpose of Proposed Change. The basic purpose of this report requirement is to hold committees publicly accountable for measures that violate the Congressional Budget Act.

Subtitle D—CBO Scoring of Conference Reports

Current Law. Current law contains no requirement that the Congressional Budget Office provide estimates to accompany conference reports.

Summary of Proposal. This subtitle would require the Congressional Budget Office to prepare scoring of conference reports, other than tax bills, whenever practicable. (Tax bills are scored by the Joint Committee on Taxation.) The Budget Committee recognizes that, in some cases, the time that elapses between the completion of a conference and the floor vote on the conference report may be insufficient for CBO to complete its estimates. That is why the bill calls for the preparation of these estimates *whenever practicable.*

Purpose of Proposed Change. It is hoped that, in addition to providing Members more complete information on the final form of legislation, this proposal will discourage Members from inserting last-minute spending items in conference reports.

TITLE IV—ACCOUNTABILITY FOR FEDERAL SPENDING

Title IV retains the Budget Act's historical focus on curbing so-called backdoor spending, but establishes new procedures to achieve that end. It replaces the automatic referral of new entitlements to the authorizing committees, and the points of order against creating new forms of entitlements, with procedures that: first, limit the duration of any new spending program; second, subject proposed entitlements to annual appropriations; and third, eliminate disincentives for funding new programs through annual discretionary appropriations.

Subtitle A—Limitations on Direct Spending

SECTION 411: FIXED-YEAR AUTHORIZATIONS REQUIRED FOR NEW PROGRAMS

Current Law. The Congressional Budget Act of 1974 established procedures to stem the proliferation of programs not subject to annual appropriations. Section 401(a) of the Budget Act prohibits the consideration of legislation in the House or Senate that provides borrowing authority, contract authority, or credit authority unless

the authority is subject to annual appropriations. Significantly, the point of order can be raised under section 401(a) even if the legislation is within the Appropriations Committee's allocation.

Section 401(b) prohibits the consideration of legislation that provides entitlement authority in the current fiscal year. Section 401(b)(1) even applies when the appropriate committee has a sufficient allocation to cover the new entitlement authority. Section 4(b)(2) provides that any bill that establishes new entitlement authority is automatically referred to the Committee on Appropriations.

In the current fiscal environment, authorizing committees actually have strong incentives to create mandatory programs that are not subject to annual appropriations.

First, the authorizing committees have complete control over programs that are not subject to annual appropriations. Not only do the authorizing committees determine the programmatic construction of the new programs, but they can also determine the funding levels.

Second, mandatory programs don't have to compete with existing discretionary programs for limited funding under the allocations. Moreover, the imposition of statutory caps enforced by sequestration in 1990 put even more pressure on the Appropriations Committee to avoid incurring new responsibilities.

Third, because permanent programs by definition do not have to be reauthorized, they do not require periodic offsets. Each time a program expires, if it incurs direct spending of less than $50 million in a year, the committees are often required to offset the extension if the program is maintained at current law levels.

Summary of Proposal. Subsection (a) prohibits the consideration of any bill on the House or Senate floor that provides direct spending for a new program unless the spending authority is limited to a period of 10 or fewer years. Direct spending is defined as "(A) budget authority provided by law other than appropriations acts; (B) entitlement authority; and (C) the Food Stamp Program.

The restriction encompasses all forms of mandatory spending, including entitlement authority, contract authority, borrowing authority, and reductions in offsetting receipts and collections (as a form of positive budget authority).

Subsection (c) prohibits the consideration of legislation in the House that authorizes the appropriation of discretionary new budget authority unless it is also limited to 10 or fewer years.

Both sets of restrictions under subsection (a) and (b) apply to bills and joint resolutions—whether or not they are reported from committee—motions, and conference reports. The effect of the points of order, if raised at the appropriate time and sustained by the Chair, would be to preclude further consideration of the measure.

Purpose of Proposed Change. Implicit in this subtitle is the assumption that all programs that are taxpayer-financed should be subject to periodic review through the authorization process. The reauthorization process is seen as an effective vehicle for systematically reviewing agency goals, assessing performance, eliminating

overlapping or duplicative functions, and making such changes in program design as are necessary.

The Budget Committee recommends that committees coordinate reauthorization activities with the performance budgeting requirements of the Government Performance and Results Act of 1993. Committees also are urged, whenever possible, to establish explicit purposes for each program, project, or activity reauthorized pursuant to this schedule.

SECTION 412: AMENDMENTS TO SUBJECT NEW DIRECT SPENDING TO ANNUAL APPROPRIATIONS

Current Law. Under section 401(b)(2) of the Congressional Budget Act, certain entitlement bills are referred to the Committee on Appropriations. To be so referred, the bill must be reported by an authorizing committee; must create a new entitlement authority; and must be in an amount in excess of the committee's allocation. The Appropriations Committee is permitted 15 days to report the bill. Presumably the Appropriations Committee would amend the bill to reduce the amount of direct spending to the levels assumed in the allocation. If the Appropriations Committee does not report the bill, the bill is discharged and placed on the appropriations calendar.

Summary of Proposal. The bill repeals section 401(b)(2) of the Budget Act because the referral to the Appropriations Committee has never resulted in a proposed entitlement being reduced to levels consistent with the reporting committee's allocation or converted to a discretionary program subject to annual appropriations.

In place of section 401 of the Budget Act, section 412 of the bill makes it always in order for the chairmen of the Budget Committee to offer to any measure creating a new entitlement, a floor amendment subjecting the program to the annual control of the appropriations process. In other words, the bill would convert the proposed new entitlement or direct spending program to the control of the annual appropriations process. The right to offer the amendment is limited to the Budget Committee chairmen. The bill provides for an automatic adjustment in the aggregates and allocations, and any discretionary spending limits, if the bill authorizes a new discretionary program and offsets it with mandatory savings. The adjustment is modeled on the reserve funds set forth in section 314 of the Budget Act and section 251 of the Emergency Balanced Budget and Deficit Control Act. These sections provide for automatic increases in the aggregates, allocations, and discretionary spending limits for legislation that provides appropriations for certain specified purposes (including Earned Income Credit fraud and abuse compliance, international arrearages, and continuing disability reviews).

Purpose of Proposed Change. Subtitle A repeals the referral to the Appropriations Committee of bills providing new entitlement authority. This process has not curbed the proliferation of new entitlements. In the only episode of the Appropriations Committee acting on such a referral, in 1981, the version of the bill reported by the Appropriations Committee was defeated on a 170 to 232 vote. (The vote concerned a military pay increase referred to the Appro-

priations Committee by the House Armed Services Committee.) It has been suggested that one reason the Appropriations Committee has not been vigilant in blocking the creation of new entitle ments is that the alternative—the creation of new discretionary programs—only puts pressure on existing discretionary priorities because of the fixed limits on discretionary appropriations.

In place of the unsuccessful referral process, this legislation permits floor amendments that subject proposed new entitlements to discretionary appropriations. This will provide a new mechanism for curbing the proliferation of mandatory programs. As a deterrent to any effort to preclude such amendments, the House would have to pass a resolution that specifically waived the House rule providing the authority to offer the amendments. Pursuant to this rule, the bill limits the ability of the Rules Committee to prevent such amendments only if it is offered by the chairmen of the Budget or Appropriations Committees. The reason for this limitation is twofold. First, the chairmen of these two committees have institutional interests in curbing the proliferation of mandatory programs. Second, the limitation will prevent nuisance amendments by Members who are seeking only to delay legislative deliberations.

Subtitle B—Enhanced Congressional Oversight Responsibilities

SECTION 421: TEN–YEAR CONGRESSIONAL REVIEW REQUIREMENT OF PERMANENT BUDGET AUTHORITY

Current Law. Under clause (2)(d)(1) of House Rule X, each House committee is required to submit an oversight plan to the Committees on Government Reform and Oversight and House Oversight. These plans are to be submitted by February 15 of the first session of each Congress. Clause 2(d)(1)(C) directs each committee, in developing the plans, to "have a view toward ensuring that all significant laws, programs, or agencies within its jurisdiction are subject to review at least once every 10 years."

Summary of Proposal. Section 421 requires each authorizing committee to submit, as part of its oversight plan, a schedule for reviewing all programs in its jurisdiction within a period of 10 years. This requirement includes both mandatory and discretionary programs; those with permanent appropriations; and those that are annual or multiyear.

Purpose of Proposed Change. As in section 411 of the bill, the purpose of requiring committees to establish plans for reauthorizing all programs is to encourage systematic review of agency goals, assessments of performance, elimination of overlapping or duplicative functions, and, as necessary, the redesign of program structures.

Although this section does not enumerate specific oversight responsibilities, the Budget Committee recommends that committees coordinate their reauthorization activity with the performance budgeting requirements set forth under the Government Performance and Results Act. Most important, committees are urged, whenever possible, to establish explicit purposes for each program, project, or activity reauthorized pursuant to this schedule.

Committees are further advised to stagger the schedule for reauthorizing all programs, projects, and activities within their jurisdictions so that their workload is evenly distributed over the 10-year period of the review cycle.

SECTION 422: JUSTIFICATIONS OF DIRECT SPENDING

Current Law. Under section 401(a) of the Budget Act, the House and Senate are prohibited from considering legislation that provides any one of the following forms of budget authority that are not subject to the control of the appropriations process:

- Authority to enter into contracts under which the United States is obligated to make outlays.
- Authority to incur indebtedness for which the United States is liable for repayment.
- New credit authority.

Section 401(a) is enforced by a point of order that, if sustained, precludes the House or Senate from further consideration of the measure. The point of order may be raised against reported bills, joint resolutions, amendments, and conference reports. The point of order may be waived by a simple majority in both the House and Senate.

Under section 401(b) of the Budget Act, the House and Senate are prohibited from considering any bill that provides new entitlement authority that is effective during the current fiscal year. Section 401(b) is also enforced by a point of order that can be waived by simple majority of either House. The point of order may be raised against reported bills or joint resolutions, amendments, and conference reports.

Summary of Proposal. Section 422 requires the report accompanying the budget resolution to justify any allocation for a new program, project, or activity made to a committee other than Appropriations. For example, the conference report on the budget resolution for fiscal year 2000 (H. Con. Res. 68) provided an allocation of $3 billion in new budget authority and outlays for the Committee on Ways and Means. The report specified that the allocation is for assumed child care legislation. Under section 103 of the bill, the report would have to include a justification explaining why the allocation was not provided to the Committee on Appropriations.

This subtitle repeals sections 401(a) and 401(b)(1) of the Budget Act.

Purpose of Proposed Change. Section 422 puts the onus on the Budget Committees for permitting the creation of new mandatory programs. It is the Budget Committees that are responsible for providing the allocations necessary for new entitlement programs. This section forces the Budget Committee to justify why it provides allocations for mandatory programs that could reasonably be provided to the Appropriations Committee—where they would be subject to annual review.

Sanctions under sections 401(a) and 401(b) of the Budget Act occur too late in the budget cycle to effectively deter the creation

of new and expanded direct spending programs. There are several reasons for this.

First, these points of order often penalize the reporting committee for reporting the new mandatory program, but fail to penalize the Budget Committee for providing the allocation. For example, assume the budget resolution provides, in its allocation to the Education and Workforce Committee, $50 million for a new entitlement program. Even if the authorizing committee moves a bill that costs less than $50 million, the legislation is subject to the point of order for creating a new entitlement.

Second, the existing provisions offer no additional enforcement if the authorizing committee reports a bill that exceeds its allocation. In this case, the bill would be subject to a point of order under section 302(f) of the Budget Act—and could be killed if that point of order prevailed. Section 401(a) or (b) add little to the enforcement regime. Besides, if the Rules Committee chooses to waive section 302(f) for a given bill, it can just as easily waive section 401.

SECTION 423: SURVEY OF ACTIVITY REPORTS OF HOUSE COMMITTEES

Current Law. Under current law, legislation that does not comply with the Budget Act is subject to points of order. In the House, a committee is typically concerned with any violations after it has reported a measure—when the committee is requesting a rule providing for consideration of the bill. At that point, if the bill does contain one or more violations of the Budget Act, the Budget Committee chairman encourages the authorizing committee to request a rule that self-executes an amendment "curing" the bill. The authorizing committee chairman may resist these entreaties, and instead seek a rule that waives the applicable sections of the Budget Act so the bill will not be subject to any such points of order on the floor.

After House action, committees tend to lose track of measures under their jurisdictions that violate the Budget Act. The Rules Committee, however, keeps track of rules that waive any section of the Budget Act, and publishes a summary of such waivers in its activity report.

Committees are currently required to submit an activity report under clause 1(d)(1) of House Rule XI. These reports do not currently include any discussion relating to budget enforcement.

Summary of Proposal. Section 423 requires each committee to include in its activity reports, filed at the end of each Congress, a summary of all measures it reported that violated the Budget Act. The report also must include the total amount by which the bills within the committee's jurisdiction exceeded its allocations and—in the case of the Committee on Ways and Means—reduced revenue below the revenue aggregates.

Purpose of Proposed Change. This section is intended to make the committees more responsible for bills that violate the Budget Act, and to provide this information to Members of Congress, public interest groups, and the public at large.

SECTION 424: CONTINUING STUDY OF ADDITIONAL BUDGET PROCESS REFORMS

Current Law. Under section 703 of the Budget Act, the Committee on the Budget is required to study and report to the House proposals to, among other things, "establish maximum and minimum time limitations for program authorization." The Budget Committees are required to report their findings, together with any recommendations, to their respective Houses.

There is no record of any findings under section 703 of the Budget Act ever having been reported to the House.

Summary of Proposal. The amendment requires the Budget Committees to report to their respective Houses, at least once every 5 years, on the areas set forth in section 703 of the Budget Act.

Purpose of Proposed Change. The purpose of this section is to require the Budget Committee to report on the above items by a date certain. The committee should evaluate any progress encouraging periodic reauthoriza tion pursuant to subtitles A and B. This evaluation should, among other things, assess the feasibility of formally integrating elements of performance budgeting under the Government Performance and Results Act and the reauthorization cycle.

SECTION 425: GAO REPORTS

Current Law. Section 404 of the Congressional Budget Act requires the General Accounting Office to report on provisions of law providing mandatory spending, and evaluate whether such financing is appropriate for the programs. The report is to be revised "from time to time."

GAO provided the first report in 1987 and has revised it on two other occasions.

Summary of Proposal. Section 425 of the bill requires the reports under section 404 of the Budget Act to be revised at least once every 5 years.

Purpose of Proposed Change. The reason for requiring more frequent reports is to keep the Congress abreast of the rate at which mandatory programs are created.

Subtitle C—Strengthened Accountability

SECTION 431: TEN-YEAR CBO ESTIMATES

Current Law. Under current law, the Federal budget process focuses on short-term estimates and projections. The detailed budget estimates that make up the core of the President's budget submission cover the forthcoming budget year, for which the appropriations must be made. The congressional budget resolution sets revenue and spending levels for the budget year and 4 ensuing years (section 207 of S. Con. Res. 68).

Both the House and the Senate are prohibited from considering legislation that breaches the allocations and aggregates for the first year and the 5-year total. In addition, the Senate is prohibited from considering legislation that is not offset in the first year, the total for the first 5 years, and the total for the second 5 years.

The Congressional Budget Office [CBO] also largely relies on short-term estimates. In the cost estimates CBO is required to provide on every reported and enacted bill, CBO estimates generally cover a period of 5 years. Since 1995, CBO has provided 10-year estimates for the Senate's pay-as-you-go [PAYGO] point of order.

In recent years there has been an effort to expand the horizon of key budgetary projections. In 1995, the Congress agreed to a budget resolution that covered 7 fiscal years. The Balanced Budget Act of 1997 [BBA] formally expanded the number of years that may be included in the budget resolution—to any number of years included in the resolution. The BBA also amended the Budget Act to prohibit the consideration of legislation that exceeded the total of the years in the resolution. This year, the Congress agreed to a budget resolution that covered a period of 10 fiscal years.

Summary of Proposal. Subtitle C permanently requires CBO estimates to cover a period of 10 fiscal years. Under current law, CBO will no longer have authority to provide 10-year estimates once PAYGO, and the Senate PAYGO point of order, expire at the end of fiscal year 2002.

Purpose of Proposed Change. The reason for permanently extending the 10-year estimates is to deter Federal agencies and the authorizing committees from developing legislation that has significant costs just outside the horizon of the budget resolution. The Budget Committee believes these estimates should be provided on a permanent basis, rather than lapsing with the expiration of what are essentially temporary controls on the Federal budget.

The committee also believes that Congresses should monitor these estimates and compare them to actual levels, with an eye toward enforcing these levels in the future.

SECTION 432: REPEAL OF RULE XXIII OF THE RULES OF THE HOUSE OF REPRESENTATIVES

Current Law. Under House Rule XXIII (formerly Rule XLIX), when the House votes on the conference report accompanying the concurrent budget resolution, a bill raising the limit on the statuary debt is automatically engrossed and signed by the Clerk as if it has passed the House and Senate. In other words, Rule XXIII enables the House to send a bill to the Senate raising the debt limit without actually voting on it.

Summary of Proposal. Section 432 repeals House Rule XXIII.

Purpose of Proposed Change. This section repeals House Rule XXIII to increase the accountability of the Congress when agreeing to legislation that increases the national debt. It is appropriate to require such a vote when the debt limit is largely a consequence of congressional action (whether in the present or in the past).

Title I of this process reform bill does, however, permit the proposed joint budget resolution to include legislative language increasing the limit on the statutory debt. In the context of the stripped-down budget resolution set forth in section 103, any provision in the budget resolution increasing the limit on the statutory debt would be visible. Moreover, any increase in the debt limit would be guaranteed a vote. This is because a roll call vote on the

budget resolution is automatically ordered under clause 10 of House Rule XX.

TITLE V—BUDGETING FOR UNFUNDED LIABILITIES AND OTHER LONG-TERM OBLIGATIONS

Subtitle A—Budgetary Treatment of Federal Insurance Programs

Current Law. Most Federal programs use cash-based budgeting. In this system, a program's cost is the net cash spent in a fiscal year. Income is recorded in the budget when received, and expenses are recorded when paid, without regard to when the income is earned or the expense incurred. Federal insurance programs, such as pension insurance and political risk insurance, currently use cash-based budgeting. Cash budgeting provides incomplete and misleading cost information for those programs because, for most insurance contracts, premiums are paid long before claims are made. Under current budget conventions, legislation affecting Federal insurance programs often is seen as providing savings even though it expands insurance coverage and increases the likelihood that the cost of claims over time will be higher than expected in the absence of the legislation. Such situations can occur when the legislation increases premiums today; but claims due under the higher coverage would not be paid until future fiscal years—often well beyond the budget window.

The only exceptions to cash-based budgeting under current law are Federal loan and loan guarantee programs and the retirement systems for the military and for Federal employees. Those programs use "accrual" budgeting to more accurately reflect their cost to taxpayers. Executive agencies must maintain accounts on an accrual basis pursuant to legislation enacted in 1956, but those figures are not used for planning and budgeting. (They are used in the preparation of the government's consolidated financial statements.) In 1992, the Bush administration proposed to change the budget treatment of insurance programs from a cash basis to an accrual basis. That proposal was not enacted.

Summary of Proposal. This bill would apply accrual concepts to budgeting for the costs of Federal insurance programs, adapting the budgetary principles now used for Federal loan and loan guarantee programs to Federal insurance programs. It would build on the Credit Reform Act of 1990, which required that the budget be charged the subsidy inherent in Federal loan and loan guarantee programs. The success of applying accrual concepts to Federal credit programs recommends that Congress consider broadening their use to other programs where cash-based budgeting does not reflect cost accurately—such as Federal insurance programs.

Beginning in fiscal year 2006, the budget would include the expected long-term cost of an insurance contract in the year in which the contract was written. The long-term cost would be expressed as the net present value of the cash flows expected over the entire life of an insurance contract. This calculation provides a measure of the cost of the risk assumed by taxpayers—the subsidy—that results from the government's providing an insurance commitment. Cost

calculations would be made on a portfolio basis for the contracts written in a fiscal year, but agencies would have the flexibility to divide the portfolio as necessary to more accurately determine the risk-assumed cost of their insurance commitments. The budget would reflect subsidy cost rather than cash flows, making the budget a more accurate measure of Federal spending.

Accrual budgeting would be required for all Federal insurance programs, defined as any program under which an agency makes an agreement in advance to pay a non-Federal entity if it experiences specified losses. To clarify what kind of program is considered to be an insurance program, the bill provides that the conference report statement of managers will include a list of the programs that at a minimum would be subject to the new accounting treatment. The committee assumes that this list will include the following programs identified by the General Accounting Office [GAO] as Federal insurance programs:

- Bank deposit insurance.
- Savings association deposit insurance.
- National credit union share insurance.
- The Pension Benefit Guaranty Corporation's pension insurance.
- National flood insurance.
- Federal crop insurance.
- Aviation war-risk insurance.
- Maritime war-risk insurance.
- Service-disabled veterans insurance.
- Veterans' mortgage life insurance.
- Federal employees' life insurance.
- Political risk insurance of the Overseas Private Investment Corporation [OPIC].
- Vaccine injury compensation.

The bill specifically excludes benefit programs such as Social Security and Medicare from risk-assumed budgeting. Those programs do not provide "insurance" as defined by this legislation: there is no underwriting of risk, but rather an entitlement to specified benefits when an individual meets program requirements. In the future, CBO and OMB are required to consult with the Budget Committees to determine whether proposed programs are Federal insurance programs under the statute's definition.

In recognition of the many technical problems associated with measuring costs on an accrual basis, the shift to risk-assumed budgeting is phased in over a 6-year period. Such a long lead time should be more than sufficient for CBO, OMB, and agencies with responsibility for Federal insurance programs to develop and refine methods to estimate the risk assumed by taxpayers for Federal insurance programs. In addition, the legislation provides for thorough review of those models and advisory estimates using them *before* they are used to determine cost in the budget, as detailed in Table 8.

TABLE 8.—TIMETABLE FOR APPLICATION OF ACCRUAL BUDGETING TO FEDERAL INSURANCE PROGRAMS

Fiscal year(s)	Required activity
2000–2001	Executive branch agencies and the Congressional Budget Office (CBO) develop models to estimate risk-assumed cost of federal insurance programs.
2002	(1) Agencies submit models to the Office of Management and Budget (OMB) for review. (2) OMB and CBO make those models and supporting information available for public inspection and comment. (3) OMB and CBO, in consultation with the Budget Committees, revise those models based (in part) on comments received by the public.
2003	OMB makes the revised models and supporting information available for public inspection and comment.
2003–2005	(1) Administration budget submissions and CBO reports on the economic and budget outlook and the President's budget include—for information purposes only—account-level and aggregate presentations that use accrual budgeting for federal insurance programs. (2) CBO cost estimates for reported legislation include—again, for information purposes only—the cost of the legislation on a risk-assumed cost basis.
2005	OMB, CBO, and GAO each issue a report that evaluates the advisability and appropriate implementation of accrual budgeting for federal insurance programs.
2006–2007	The federal budget counts the cost of federal insurance programs on a risk-assumed (or accrual) basis.
2007	Accrual budgeting for federal insurance programs either is continued or is allowed to sunset. If allowed to sunset, budget accounting reverts to the cash basis used prior to October 1, 2005.

It should be noted that, although OMB receives the models and is expected to be actively involved in their revision, the committee does not expect OMB's involvement to change the customary or statutory relationship between it and other executive branch agencies.

Although budget documents would reflect the expected costs of the insurance programs instead of their cash-flows, the government must continue to account for the cash transactions, such as receipt of premiums and payment of claims. As in credit reform, those transactions would be handled by nonbudget financing accounts. The net cash transactions of all financing accounts would flow into the calculation of the debt as a means of financing, providing a bridge between cash budgeting and accrual budgeting.

Purpose of Proposed Change. The proposal would require that the budget reflect the true cost of Federal insurance activities, which would significantly strengthen accountability in Federal budgeting. Showing the long-term cost of an insurance program also could provide incentives to set appropriate premiums, and to limit losses. In addition, estimates of the cost of legislative proposals would capture the costs that occur outside the 5-year window used for budget enforcement. That could make it more difficult for the President and Congress to enact legislation increasing the costs of Federal insurance programs without offsetting potential long-term costs. Finally, the expected cost of existing insurance commitments would be reflected in calculations of the total budget surplus or deficit, and annual estimates of the cost of insurance programs will provide detail on the change in the cost of those existing commitments.

The extent to which cash-based budgeting can underestimate the true cost of a Federal insurance program is illustrated by pension

insurance. The Federal Government insures defined-benefit pension plans through the Pension Benefit Guaranty Corporation [PBGC]. At the end of fiscal year 1998, PBGC estimated that its unfunded liability for bankrupt pension plans could be $15 billion to $17 billion. But the administration's current budget submission indicates that in fiscal year 1998 the PBGC took in about $2.2 billion and paid out only $1.0 billion. In other words, the administration budget suggests a $1.2-billion "profit" for the PBGC, even though the corporation has an unfunded liability at least 10 times that amount. The budget makes it appear that businesses are being overcharged for the insurance coverage, when in fact the current premium rates are probably heavily subsidized by taxpayers.

Enactment of this legislation would expose the cost of the subsidy, and could thereby provide incentives for policymakers and program managers to better align premiums and claims over the long term.

Focusing on the short term already has cost taxpayers substantial amounts in the savings and loan crisis of the late 1980's and early 1990's. According to Marvin M. Phaup of the Congressional Budget Office, the short-term focus of cash-based budgeting during that crisis encouraged policies that increased taxpayer costs by more than $50 billion. The added costs were incurred because Federal regulators weighed the cost of promptly closing failed thrifts against the effect on the deficit that would result from paying deposit insurance claims. Had risk-assumed budgeting been used at the time, the long-term cost of the insolvencies would have been anticipated better, and would not have produced the large swings in the government's bottom line that caused inaction. Failed institutions could have been closed rather than permitted to continue operating. The latter course compounded losses that had to be covered by taxpayers.

Accrual budgeting also would improve estimates of the long-term cost of new legislation. Bank deposit insurance provides a recent example. In 1996, legislation was enacted to allow a one-time special assessment to capitalize the savings association insurance fund. It was accompanied by a provision to require a refund of reserves in excess of the statutory minimum of 1.25 percent of insured deposits. The assessment was expected to provide receipts that would reduce the fiscal year 1997 deficit by $3.1 billion. But that figure was not netted against the long-term cost of the refund provision. Under risk-assumed budgeting, a present-value cost would have been assigned to the refund provision, because it increased potential taxpayer exposure relative to a scenario in which refunds of reserves were not required. This estimate of the long-term costs would have provided policymakers a clearer understanding of the effect of the legislation.

Finally, using the accrued cost of insurance programs to compute the surplus or deficit would improve those measures of the government's fiscal position. Although estimates of accrued costs may be imprecise, the committee concurs with GAO that it may be better to have imprecise estimates of the true cost of Federal insurance programs than to have precise estimates of their largely irrelevant cash flows. In addition, the change in year-to-year estimates of the accrued costs can aid policymakers in designing Federal insurance

programs—helping them fashion programs that provide insurance assistance at the least possible cost to taxpayers.

Subtitle B—Reports on Long-Term Budgetary Trends

Current Law. Under current law, the budget process largely focuses on the short term: the budget resolution usually encompasses the budget year and 4 outyears; the President's budget is for 1 year with the 2 outyears provided for informational purposes; appropriations bills usually cover a single fiscal year; and CBO's baseline usually covers a period of 5 fiscal years.

In recent years there has been interest in expanding the time horizon of budget projections for informational purposes. OMB includes 10-year projections in the President's annual budget submission. CBO began providing 10-year projections on its own in the annual Economic and Budget Outlook and update reports. Its authority to originate such reports is provided under sections 202(e) and (g) of the Congressional Budget Act, which authorizes CBO to submit reports that provide information needed for the analysis of the Federal budget.

Additionally, CBO released a report in May 1998 on long-term budgetary pressures and policy options. On February 25, 1998, GAO released the most recent of its periodic long-term simulations.

Summary of Proposal. The President would be required to include in his budget submission two sets of long-term projections: one on the basis of current law; and the other on the President's proposed policies. The projections would show total levels of surpluses or deficits, and budget authority and outlays, with a breakdown by major entitlement program. The projections would cover every fifth year over a 75-year period. The analysis would also compare the two sets of projections with respect to such factors as inflation, foreign investment, interest rates, and economic growth. A sensitivity analysis would reveal which assumptions the projections are most dependent upon.

The Congressional Budge Office would also be required to include, in its annual *Economic and Budget Outlook,* a comparable long-term projection based on current law.

Purpose of Proposed Change. The purpose of this title is to provide policy makers information on the long-term costs of major entitlement programs and their impact in aggregate on the economy. These reports will focus attention on both the long-term budgetary problems under current law—such as the reemergence of chronic deficits attributable to the retirement of the baby boom generation—and the long-term implications of alternative policies.

The value of reporting these projections on a regular basis can be understood in reference to GAO's most recent economic simulations, which were released in testimony by Paul L. Posner, GAO's Director of Federal Budget Issues, to the Senate Budget Committee. The GAO figures showed a marked improvement in the estimated budget outlook. Budget deficits once were projected to reach 10 percent of gross domestic product [GDP] by 2016. Under the new estimates, however, deficits are not expected to reach that threshold until 2040 (assuming no further changes in law).

Even this improved fiscal posture, however, still is not sustainable over the longer term, according to the figures. GAO's estimates indicate that Federal budget deficits will reemerge when members of the "baby boom" generation begin to retire in 2015, and will sharply increase until they reach unsustainable levels. Mr. Posner noted, these deficits translate into significant reductions in national savings, private investment, and the capital stock. Ultimately this would translate into a decline in GDP and a degradation of living standards.

The recent projections also show the value of maintaining a balanced budget. GAO furnished estimates that assumed spending reductions or revenue increases necessary to keep the budget in balance. The figures showed a decline in consumption over the short term, but an increase over the long term. They also showed that productivity would increase, though at a lower rate than in the past 50 years.

Longer-range estimates such as these provide important perspectives to Members as they weigh various policy options. Members should be exposed to such estimates on a regular basis.

In summary, projections along these lines will begin to focus attention on the long-term implications of today's budget decisions. They will at least provide policymakers the necessary information to make fiscal choices to put the budget on a sustainable long-term path. On a more micro level, they will provide information on the design of programs that have long-term implications but are not suitable for the accrual approach taken for insurance programs in Subtitle A. Ultimately the hope is that policymakers will process this information and take corrective steps in budget policy and program design while enabling individuals to adjust to any changes in retirement or health benefits.

TITLE VI—BASELINES, BYRD RULE, LOCK-BOX, AND AUTOMATIC CONTINUING RESOLUTION

Subtitle A—The Baseline

Current Law. Under both existing law and current scoring conventions, the Congress and the administration prepare budgetary projections, estimate the costs of legislation, and prepare their respective budget documents on the basis of a baseline. CBO and OMB prepare baseline projections of Federal spending, revenue, and surpluses or deficits that assume no change in current law.

A variety of assumptions underlie baseline projections. For mandatory programs, the baseline assumes spending and revenue levels consistent with the laws that determine the liability for taxes or eligibility for benefits. For estimating the costs of legislation under PAYGO, however, section 257 of the Emergency Deficit Control Act of 1985 (commonly known as Gramm-Rudman-Hollings) stipulates that the baseline should assume the extension of any program that is greater than $50 million a year. For discretionary programs, the baseline may assume adjustments for inflation, or compliance with the discretionary spending caps.

The concept of baseline budgeting was first codified as part of the Federal budget process by the Congressional Budget Act in 1974. The Budget Act required CBO to produce 5-year baseline projec-

tions and OMB to provide a 1-year projection based on a current level of services. The Congress subsequently adopted enforcement procedures that depended upon multiyear cost estimates. With the enactment of fixed deficit targets in 1985, the baseline acquired additional importance because it was used to enforce budget controls through automatic spending cuts in a process known as sequestration.

In the 104th Congress, House rules were amended to require cost estimates prepared by CBO and included in the report accompanying every bill to include a comparison to the prior-year levels (H. Res. 5). Additionally, the Rules of the Committee on the Budget were amended to require, as a matter of policy, that the committee mark up from prior-year levels. Furthermore, committee rules were amended to require the report accompanying the budget resolution to include a comparison to prior-year levels for each function and budget aggregate.

Summary of Proposal. Subtitle A stipulates that most budgetary information must be presented with a comparison to the prior-year levels. Such presentations would include the program detail and summary tables in the President's budget, summary tables in the joint resolution on the budget, and CBO's periodic reports on the budget and economic outlook.

This title settles the long-time dispute about whether to include inflation in discretionary spending. For years when discretionary spending limits are in place, the budget projections would assume compliance with the limits. After these limits expire, these projections would assume discretionary spending at the levels of the last year for which there were caps.

All comparisons to prior years would apply to revenues just as they do to spending. In the summary tables in the President's budget, OMB would be required to compare projected changes in revenue under current law, and as proposed by the President for both the budget year and each of the outyears, to the prior year's estimated levels. The report accompanying the budget resolution would likewise compare the appropriate levels in the budget resolution to the estimated levels for the current fiscal year

Subtitle A also requires CBO and OMB to prepare annual reports on the sources of growth in the baseline. This report would calculate the percent of the expected growth in government spending that is due to such factors as adjustments in inflation, program participation, legislative expansions, and the utilization of new technologies.

This bill does not actually change the construction of the baselines that underlie the budget resolution or are used to estimate the costs of legislation for purposes of enforcing the budget resolution or PAYGO requirements.

Purpose of Proposed Change. Baselines can play an important role in illuminating the financial obligations projected to grow from current policies, particularly in the area of entitlements. But they often are conceptually flawed, inaccurate, and easily manipulated. The goal of this policy change is to make policymakers less solely dependent on these measures. It is also intended to encourage policymakers to address fundamental changes in the base of both

mandatory and discretionary programs—changes that are otherwise obscured by assuming automatic adjustments for inflation.

The inaccuracy of the baseline was amply demonstrated in the 105th Congress, when OMB and CBO underestimated revenues by nearly $100 billion. But even long before that, the late Professor Aaron Wildavsky challenged the underlying premise of using baselines as the benchmark from which budgets are built. On May 11, 1992, Professor Wildavsky said in testimony to the House Committee on the Budget:

> The idea [of baseline budgeting] is that everybody who has a claim on the Federal Treasury, for whatever reason, deserves not only to get what they had last year in outlays, but to make up for whatever inflation there has been, and therefore, Congress and its Budget Committees have to chase after them to claw money back if that is necessary. It should be the other way around * * * No individual interest has the right to say "I come first," which is to say, everybody gets the outlays that they had and if they want the inflation, then they have to come to you to get it and you in your political wisdom should decide how much of that they should get.

The uncertainty of baseline projections often is attributed to the impact of the economic assumptions from which they are formulated—assumptions about economic growth, inflation, employment rates, interest rates, and so on. Fractional fluctuations in these assumptions can alter budgetary estimates by tens of billions of dollars, and these amounts grow geometrically over time. For this reason alone, the precision of baseline estimates is fundamentally in doubt.

But even if the economic assumptions turn out exactly as predicted, the budget estimates themselves are highly subject to uncertainties. A passage in CBO's January 1999 report, *The Economic and Budget Outlook: Fiscal Years 1999–2008,* explains why. In describing the factors contributing to the projected growth of entitlement spending—and after accounting for predictable changes such as caseloads and benefit adjustments, the report says:

> The remaining 40 percent to 50 percent of the boost in entitlement spending comes from increases that cannot be attributed to rising caseloads or automatic adjustments in reimbursements. Two sources of growth are expected to become even more important over time. First, Medicaid spending grows with inflation, even though it is not formally indexed. Medicaid payments to providers are determined by the States, and the Federal Government matches these payments. If States increase their benefits to account for inflationary growth, Federal payments will rise correspondingly. Second, the health programs have faced steadily escalating costs per participant beyond the effects of inflation; that trend, which is often termed an increase in "intensity," reflects the consumption of more services per participant and the growing use of more costly procedures. The residual growth in Medicare and Medicaid from

both of those sources amounts to $16 billion in 1999 and $202 billion in 2008.

But it is the baseline's susceptibility to rhetorical manipulation that has led to calls for an alternative benchmark to measure budget proposals. Prof. Allen Schick, in his 1980 book called *Congress and Money: Budgeting, Spending and Taxing,* described the source of this practice in the following way:

> The baseline assumes that existing programs will continue without policy change. It adjusts projected expenditures for estimated inflation and mandated workload changes. A simple example will show how a baseline is constructed and used. A program spending $100 million a year and projected to have an annual 5-percent increase in participants and a 5-percent inflation rate would have approximately a $110-million baseline for the next year, a $121-million baseline for the second year, and a $133-million baseline for the third year. These hypothetical extrapolations are highly sensitive to the assumptions underlying them. Any action projected to reduce spending below these hypothetical levels would be scored as a cutback, even if spending would still be above the previous year's.

Both the Congress and the President, and both political parties, have repeatedly used the baseline to unfairly attack their opponents' policies. In 1987, a variety of special interest groups attacked the Reagan administra tion for wanting to "cut $50 billion" from Medicaid and Medicare, when in fact it merely proposed to restrain the growth in spending from 9 percent per year to 6 percent per year. Similar attacks were made against Republicans in Congress by Democrats and the White House in 1996. Republicans in the 1980's who wanted to emphasize deficit reduction could inflate projected savings by producing numbers relative to the current services baseline.

The apparent cost of a given policy often changes with the base against which it is measured. Against a rising baseline that includes adjustments for inflation, utilization, and other factors, a given policy may appear to be a "cut." Compared to the actual spending level in the prior year, however, the same policy may be depicted as simply slowing the growth in spending. This can be seen in Table 9.

TABLE 9.—EFFECT OF SELECTED BUDGET PROPOSALS: BASELINE CHANGE VS. CHANGE FROM CURRENT SPENDING

[Dollars in millions]

Proposal	Current year level	Proposed change from baseline	Budget year level	Change from current year
Medicare Part A $5 Co-Pay for Home Health Services	$135,105	−$897	$142,679	$7,574
Medicare Part B $5 Co-Pay for Home Health Services	91,919	−613	102,265	10,346
Apply 20% Copayment to Medicare Clinical Lab services	83,368	−819	91,100	7,732
Lower Medicaid Match Rate for Administration	108,129	−270	117,045	8,916
Eliminate Additional Food Stamp & Training Funds	20,499	−146	21,278	779
Change Federal Contribution to FEHB	4,580	−156	4,801	221

This is more than a rhetorical issue. The perception of a policy proposal—especially when rigorously backed up by streams of figures bearing the imprimatur of the Congressional Budget Office or the Office of Management and Budget—significantly affects the policy choices made by Congress and the President. A reform proposal may be rejected because it appears to entail a spending cut (compared to current-law projections), when in fact it may only slow the growth of spending.

In addition, policymakers can use baselines to obscure the true nature of their actions. In his 1995 book, *The Federal Budget: Politics, Policy, Process,* Professor Schick wrote: "The typical deficit reduction results in spending higher than the current level but less than the baseline. When this occurs, politicians can portray their actions both as a spending cut and as a spending increase. They can use the baseline to demonstrate that the deficit has been cut, and they can use current spending levels to demonstrate that programs have been protected."

Professor Schick offers the President's 1993 reconciliation plan as an example. He notes that, according to CBO, the plan entailed $56 billion over 5 years in cutbacks in Medicare, and says this result appeared to violate a pledge the President made to Congress in introducing his plan on February 17, 1993. He notes the President's remark: "Let me be clear. There will also be no new cuts in Medicare." Professor Schick then explains how baseline budgeting allowed the President to reconcile his Medicare cuts with his pledge not to cut Medicare:

> About $50 billion [of the reductions] came from reductions in baseline payments to providers, some of which would probably not be counted as cuts if more reasonable standards were used. For example, fees for surgical services were allowed to rise 8.6 percent in 1994, far above general inflation and even above medical inflation, but below the 12.2 percent allowed by formula. Payments to hospitals were reduced by 7.4 percent, compared to a 10-percent reduction in effect for 1993–1995. The scorekeepers at the Congressional Budget Office recorded this smaller reduction as a multibillion-dollar saving because baseline projections were higher. Several billion dollars more were saved by extending the requirement that Medicare Part B premiums recoup 25 percent of program costs.

The reform embraced by this proposal does not discard baselines; it does not reject their usefulness in portraying the potential effects of policy choices. Instead it illuminates the budget outlook by broadening the context in which policy choices are viewed. By comparing proposals to comparable levels in the prior year, Members of Congress will be in a better position to assess the real-world impact of the budget as a whole and the costs of specific proposals. Moreover, policymakers will be more likely to question the underlying base of both mandatory and discretionary spending when the benchmark is the prior year's level.

The reports analyzing baseline projections will serve two purposes. First, these projections will make it clear that most mandatory spending growth is due to factors outside the immediate con-

trol of the Congress. Most entitlement spending growth is due not to recent programmatic expansions, but to factors such as the indexation of benefits, changes in demographics, and increased access to expensive medical technologies.

Second, identifying the sources of entitlement growth will have obvious policy implications as legislators search for areas amenable to policy changes.

Subtitle B—The Byrd Rule

Current Law. Under current law, the budget resolution can include binding directives on the authorization committees to report entitlement or tax legislation that achieves specified changes in revenue and mandatory spending. In the Senate, reconciliation legislation is entitled to a limitation on debate and amendment. Any reconciliation bill reported pursuant to such a directive is effectively exempt from filibuster and unlimited amendments.

Because the reconciliation bill is one of the few measures not subject to the Senate's supermajority requirements, the Senate adopted a rule that strictly limits the types of provisions it may include. Any provision that is considered "extraneous" to the reconciliation instructions may be stricken from the bill by a two-fifths vote of the Senate.

Over the years the Byrd rule has been highly controversial in the House because it applies to conference reports. House conferees have repeatedly agreed to conference reports with the Senate only to have key provisions stricken when the conference report is considered in the Senate. The House then has little choice but to take up the conference report a second time, minus the stricken provisions.

Under the Byrd rule, a provision is defined as "extraneous" if:

- It has no effect on spending or revenue.
- The budgetary effects are "incidental" to the underlying provision.
- The provision is part of a title of a bill which, when taken as a whole, does not meet its reconciliation targets.
- It is outside the jurisdiction of the committee that reported it.
- The provision increases revenue or reduces direct spending during a fiscal year not covered by the budget resolution.
- The provision changes the Social Security program.

As important as the rule itself is, section 313 of the Budget Act also includes a number of important exceptions to the Byrd rule. Under paragraphs 2 and 3, a provision is not considered extraneous if Budget Committee chairman and ranking minority member certify that it:

- Mitigates the budgetary effects of the bill.
- Results in a revenue increase or a decrease in direct spending after the interval covered by the budget resolution.
- Is likely to substantially increase or reduce outlays, beyond the levels projected by CBO, as a result of regulations, pending liti-

gation, court rulings, or the relationship between economic indices and indexed benefits.

- Produces an increase in revenue or a decrease in direct spending that currently cannot be estimated.
- Is integral to the underlying provisions.
- Provides an exception or special applications of a general provision.

Summary of Proposal. This subtitle simply limits the application of the Byrd rule to Senate-originated reconciliation bills; the rule would no longer apply to conference reports. The Byrd rule would otherwise continue to apply as it currently does to the Senate-reported bills. The provision entails no changes in the definition of "extraneous," the procedures for making the determination, or the number of votes required to waive the rule. The Senate would be free to continue using the Byrd rule, as modified, to screen Senate bills for measures that Senators deem extraneous.

Purpose of Proposed Change. Much of the basic rationale for eliminating the Bryd rule was first articulated by former House Budget Committee Chairman Martin Olav Sabo, who issued a report on the Bryd rule in 1994 based on the reconciliation bill in 1993. Additional reasons have been articulated by House Members who participated in conferences in 1995 and 1997.

First, the Byrd rule confers a powerful advantage on Senate conferees over their House counterparts because any provision can be killed by 40 Senators who consider it extraneous. It allows Senate conferees to force the removal of House-originated provisions for procedural reasons, rather than on the basis of their merits or as part the normal give-and-take of negotiations process. Moreover, the House is often forced to operate under a narrower interpretation of the rule than is the Senate.

Second, the Byrd rule paradoxically undermines the ability of committees and conferees to realize the savings required of them through the reconciliation process. The problem arises largely because the rule precludes nonscoreable provisions even if those provisions are necessary to achieve the reconciled savings. Among the examples from Representative Sabo's report on the 1993 reconciliation bill (H.R. 2264, as passed by the House) were the following:

- A provision designed to reform the subsidy of postal rates for nonprofit organizations, designed to reduce program costs by $192 million, was dropped from a reconciliation bill (sections 10201–10208).
- A provision to consolidate Department of Agriculture personnel and offices to reduce costs by $500 million over 4 years (section 1403).
- Another provision to restructure rural electric and telephone loan programs was dropped even though it was designed to save $220 million over 5 years (sections 1201–1202).
- A provision changing cost-of-living adjustments that was estimated to save $40 million over 5 years (sections 10003–10004).

In many such cases the provision in question fails to pass the Byrd rule because the savings are not realized until the appropriations bills are considered. For instance, a provision in the House-passed reconciliation bill in 1995 eliminating the Department of Commerce was dropped in conference because it did not achieve a reduction in outlays. At the same time, CBO estimated that the bill would ultimately save $5 billion over 5 years. Because the Department of Commerce is subject to discretionary appropriations, the savings from eliminating it would only be realized when the appropriation bills were considered. (Even then it would not be scored as reducing outlays, although the resulting discretionary outlays would be lower than if the Department of Commerce had not been eliminated.)

Third, the Byrd rule forces Members to distort policies to achieve scoreable savings. The ability to draft around the Byrd rule, in fact, has become a virtual cottage industry among the Offices of the Legislative Counsels in both the House and Senate. Former House Budget Committee Chairman Sabo cited one example in which a House provision generated savings by extending a formula for the Federal Government's contributions to the Federal Employees Health Benefits [FEHB] plan. Although the provision would have produced significant savings, it was not scored by CBO because the extension was already assumed in the baseline. Consequently, the conferees had to change the formula so that CBO would score it relative to the baseline. In another case, a provision authorizing the Federal Communications Commission [FCC] to auction rights to the broadcast spectrum were made contingent on reallocating the spectrum to achieve "regulatory parity" in such a way as to jeopardize the savings associated with the auction.

Fourth—and perhaps the most significant objection to the Byrd rule—is that it is subjectively applied. Many Members of the House might concur with the principle of limiting reconciliation to matters related to achieving reconciliation targets if they had confidence that the rule would be consistently interpreted and applied to both House and Senate provisions. But interpretations of the rule have had a tendency to vary between House and Senate provisions, over time, and even among the staff of the Parliamentarian's Office. House Members have cited instances in which Senate conferees insisted on dropping certain House provisions as violations to the Byrd rule but simultaneously argued that comparable Senate provisions were not subject to the point of order.

Sometimes such discrepancies occur even within the Senate. This was the case in 1995, when three studies and one report in the Senate-passed bill were identified as Byrd rule violations (sections 7205, 7273, and 7274, H.R. 2264) while five other studies were retained in the conference report (sections 12101 and 12345, S.1357, H.Rept. 104–350). Similarly, a demonstration project (section 7209, H.R. 2264, as passed by the Senate) was dropped under the Byrd rule while the conference report included three others (sections 5214, 7002, 12101, H.Rept. 104–350).

There exist significant differences over interpretation of the Byrd rule even among the relevant Senate staff. In 1995, the applicability of the Byrd rule to provisions relating to oil drilling rights in the Arctic National Wildlife Reserve (section 9002, H.R. 2264, as

passed by the House, section 5331, H.Rept. 104–350), changes in the Consumer Price Index used to adjust certain indexed benefits (section 7481, S.1357, as made in order in the Senate), and extension of the Stuart McKinney Act (section 5006, H.R. 2491, as passed by the House, section 6023, H.Rept. 104–350), which provides assistance to the homeless, appeared to vary among the staff advising the presiding officer on such rulings.

The subjectivity of the rule is a function of the complexity of the rule, the inherent breadth of reconciliation measures, the subject matter and the background and perspective of those making the Byrd rule determinations. In some cases the differences are due to the fact that some are controversial and hence assured of the Byrd rule being invoked, and others, while clearly subject to the Byrd rule, are noncontroversial and hence retained because no Senator will raise the point of order (or if one did, the point of order would clearly be waived). The requirement that a provision have an effect on outlays is complex because the scoring of a given provision is a function of underlying assumptions in the budget resolution. In the above FEHB example, the initial FEHB provision violated the Byrd rule because the change was already assumed in the budget resolution and hence it was not scored in the CBO estimate (section 10006 in H.R. 2264, as passed by the House, section 11005 of the accompanying conference report, H.Rept. 103–213). Presumably the very same provision would have not been subject to the Byrd rule had the extension not been assumed in the budget resolution.

The actual wording of the rule and its exceptions leave considerable room for judgement on the part of the Parliamentarian. It is the Parliamentarian that determines what is "incidental" or is considered a "term" or "condition" of a larger proposal. The ability to make such assessments invariably depend on the Parliamentarian's background, understanding of the legislative provisions, sense of what is controversial, and even views toward specific forms of governmental intervention.

Compounding the inherent problems difficulty in applying the Byrd rule to specific legislative provisions, it is often interpreted by the Chair not on the basis of its legislative text, but on the individual Parliamentarian's sense of whether the provision is controversial and what the rule was originally intended to accomplish. Moreover, there are few actual precedents to draw upon. because most provisions are dropped before reconciliation conference reports are even filed and hence are not actually subject to a points of order under the Byrd rule. Faced with an adverse ruling, House conferees have little recourse other than to appeal an occasional ruling to the Senate Majority Leader. In 1995, a reconciliation subconference initially dropped as a Byrd rule violation a House-passed provision repealing title V of the Mickey Leland McKinney Act which requires the Federal Government to donate surplus Federal property, which otherwise would be sold, to certain low-income groups. Representative John Boehner appealed the decision to Senate Majority Leader Robert Dole and the provision was reinstated in a different title of the bill (section 5006 in H.R. 2491, section 623, H.Rept.).

In the absence of a strict interpretation of the law and a body of solid precedents, the Senate Parliamentarian tends to defer to

the Senate Budget Committee staff. This places the staff is the untenable position of having to decide which of their Members' provisions must be dropped from the reconciliation bill. On some occasions staff of the Senate Leadership have intervened in the Byrd rule discussions to assure specific outcomes. In 1995 a high-level aide to the Senate majority leader, who was a nurse by vocation, was apparently responsible for the retention of Home nursing standards in the conference reports despite the fact that CBO attributable no savings to the standards and they were not perceived as integral to other Medicare provisions in the conference report (section 16001, H.R. 2491, as passed by the House, section 7001 of the accompanying conference report, H.Rept. 104–350).

Finally, the Bryd rule also consumes an enormous amount of time that could be be better spent on legislative and oversight functions. In turn, as former House Budget Committee Chairman Sabo once noted: "* * * enforcement of the [Byrd] rule requires that too much power be delegated to unelected employees of the Congress." Members of Congress and their staffs spend weeks going through, literally, line by line, potential provisions in reconciliation bills and conference report. Moreover the Byrd rule imposes upon the House the burden of having to take up the conference report a second time when provisions are stricken under the Byrd rule. In 1994, the House was forced to pass conference report accompanying the pending reconciliation bill twice because two provisions were struck from it in the Senate after the House had already agreed to the original version of the conference report. If the stricken provisions are critical to compromises reflected in the initial conference report, then the entire bill may have to be renegotiated. At the very least, the House is forced to consider a second rule providing for consideration of the stripped down reconciliation bill, and debate and vote on the conference report itself.

Subtitle C—Spending Accountability Lock-Box

Current Law. Under current congressional procedures, Members offering floor amendments that reduce appropriations have no way of guaranteeing that the savings actually will be saved. The reduction can be used to increase spending in another program in the appropriations bill, or in another appropriations bill.

Under section 301 of the Congressional Budget Act, the conference report accompanying the budget resolution assumes aggregate levels of discretionary budget authority and outlays spread across 19 separate budget functions. Pursuant to section 302(a) of the Budget Act, the accompanying joint statement of the managers must be crosswalked in the form of an allocation to the Committee on Appropriations.

Upon the adoption of the conference report, the Appropriations Committee is required to suballocate this lump sum among its 13 subcommittees as part of its 302(b) allocations. The House and Senate are prohibited from considering any bill—and the Appropriations Committee may not bring a bill to the floor—until the suballocations have been made. These suballocations are effectuated by a vote of the Appropriations Committee, which is subject to amendment and which is published in the Congressional Record. After the Appropriations Committee has issued its 302(b) alloca-

tions, the House is prohibited from considering any bill that would exceed a subcommittee's suballocation. The Appropriations Committee is permitted to change its 302(b) suballocations at any time, as long as the change is formally acted upon by the full committee.

Under this process, the Appropriations Committee typically brings bills to the floor that provide the maximum level of new budget authority permitted under its suballocations. One implication of this practice is that any amendment increasing new budget authority would exceed a subcommittee's suballocation, and would be subject to a point of order. Any amendment that reduces new budget authority, however, frees up room under the suballocations for subsequent amendments increasing budget authority in that bill. Moreover, if an amendment reduces appropriations below the 302(b) suballocation and the overall level of budget authority is not increased in subsequent amendments, the Appropriations Committee can effectively capture the savings by decreasing the subcommittee's 302(b) and increasing that of another subcommittee by the same amount.

Summary of Proposal. Subtitle C establishes a process whereby the sponsors of amendments reducing discretionary spending can ensure that such reductions, if agreed to, lead to an overall reduction in spending. In a deliberate bias toward lower spending, the bill reduces all applicable spending limits unless the sponsor of the amendment indicates otherwise. The lock-box process applies to both the allocations and aggregates for congressional purposes, and to the discretionary spending limits, if any, for purposes of sequestration.

The underlying mechanism is fairly simple. Whenever an amendment is offered on the floor, the sponsor is permitted to indicate the proposed use of any savings from the amendment. There are three options: first, reduce net discretionary spending; second, increase spending for another program within the bill; or third, increase spending for a program in another regular appropriations bill. If the sponsor fails to indicate any of the three, then the savings are automatically used to reduce all budget limits.

After the bill comes out of conference, the allocations and aggregates are reduced by the average of the amount in the lock-box for the House-passed and Senate-passed bills. In choosing among various priorities in a conference report, conferees are expected to select a mix of funding levels for each program, project, or activity consistent with the reduction in the appropriate budget levels and the discretionary spending limits that will result from the conference reports.

The Budget Committee chairmen actually make the adjustments in the budget resolution's allocations and 302(a) allocations for their respective Houses. The chairmen are required to keep running totals of the amounts in the lock-box from floor amendments and execute the adjustments—by way of a letter in the Congressional Record—after the bill is considered or the conference report passed.

After the conference report is enacted into law, the Director of OMB is required to make the adjustments in discretionary spending limits.

Purpose of Proposed Change. The purpose of the lock-box is to provide Members a mechanism for ensuring that total discretionary spending is reduced by the amount of savings from floor amendments. Implicit in the lock-box concept is the assumption that during the amendment process, the Congress as a whole should have the ability to reduce the allocations, but only by the amount of the savings estimated to result from the amendment.

The lock-box is not intended to deny the Appropriations Committee its basic right to determine the 302(b) allocations. Instead, it is intended to make Appropriations Committee members and conference committees responsive to the will of rank-and-file Members in each House, as reflected in the amendment process.

By providing an automatic reduction in the allocation and caps if the sponsor does not designate the savings for another program, the bill intentionally promotes a bias toward lower spending.

Subtitle D—Automatic Continuing Resolution

Current Law. Section 9 of Article 9 of the U.S. Constitution provides that: "No Money shall be drawn from the Treasury but in Consequence of Appropriations made by Law." About 32 percent of the Federal budget is controlled through annual discretionary appropriations. Appropriations for most government functions are provided in 13 appropriation bills. These acts provide the legal authority to incur new obligations and make payments from the Treasury for specified purposes. Most appropriations acts cover a single fiscal year, although for selected programs appropriations are provided in advance or for a multiyear period.

Once an appropriations bill is enacted, OMB is required under the Anti-Deficiency Act of 1905 (Public Law 58–217, 33 Stat. 1214) to apportion, by function and time period, the amount of budget authority that may be obligated by function and time period. This is usually done on a quarterly basis. Executive branch officials are expressly prohibited from incurring an obligation before an appropriation or in excess of amounts appropriated or apportioned.

If an appropriations bill is not enacted for a given agency, program, or activity by the beginning of a fiscal year, then the agency has no authority to incur obligations and make payments from the Treasury. Prior to 1980, government agencies continued to operate at an interim basis during such lapse of appropriations. Federal employees were required to continue reporting to work on the assumption that Congress did not actually intend that the Federal Government shut down while agencies waited for the enactment of appropriations.

In 1980 Attorney General Civeletti issued two opinions that radically changed the posture of the Federal Government during an appropriations lapse. His first opinion interpreted a provision of the Anti-Deficiency Act that dated from 1870 as precluding Federal workers from working during a shutdown (41st Cong. Ch. 251, 16 Stat. 230). In his second opinion, Mr. Civeletti stipulated that during an appropriations lapse, the only obligations that could be incurred were: those authorized for mandatory programs such as Social Security; those concerning the discharge of the President's constitutional powers, such as the President's role as Commander-in-Chief of the Armed Forces; those for emergencies involving the

safety of human life and the protection of property; and those needed to bring about the orderly termination of an agency.

In 1990 the Anti-Deficiency Act was amended to narrow the exception for emergencies by clarifying that "the term "emergencies" did not include ongoing, regular functions of government the suspension of which would not imminently threaten the safety of human life or the protection of property."

To avoid a lapse in appropriations that would lead to a government shutdown, continuing resolutions [CRs] are usually enacted to provide interim spending authority. These interim appropriations may be for as short a period as a single day or week, while Congress and the President continue to negotiate on the regular appropriation bills. Frequently multiple CRs are enacted before agreement is reached on the final appropriation bills. On very rare occasions, continuing resolutions for certain activities have lasted an entire year.

Continuing appropriations often are based on simple formulas—such as some percentage of the prior-year's level, the lower of the House- or Senate-proposed levels, or the lower of the House or Senate levels and the prior-year's level. Because continuing resolutions are usually written for short periods, they generally limit appropriations to a certain rate, rather than levels, so that the agencies will not apportion the funds too rapidly.

Continuing resolutions have become common over the past 47 years. During the period of 1952 through 1998, CRs have been enacted for all but 4 fiscal years (fiscal year 1953, fiscal year 1989, fiscal year 1995, and fiscal year 1997). In most years, more than one CR was needed as Congress worked to complete action on the regular appropriations bills. The number of CRs enacted during the period ranged from zero to six, except for fiscal year 1996, when 14 separate measures providing continuing appropriations were enacted. In some years, especially during the 1980's, the final CR provided funding for one or more of the regular appropriations bills for the remainder of the fiscal year [see Table 10].

TABLE 10.—REGULAR APPROPRIATIONS BILLS AND CONTINUING RESOLUTIONS [CR]

[Fiscal years 1977–1999]

Fiscal year	Continuing resolutions enacted	Regular appropriations bills included in CR
1977	[1]2	0
1978	3	1
1979	1	1
1980	2	3
1981	2	5
1982	4	4
1983	2	7
1984	2	3
1985	5	8
1986	5	7
1987	5	13
1988	5	13
1989	0	0
1990	3	0
1991	5	0
1992	4	1
1993	1	0
1994	3	0
1995	0	0

TABLE 10.—REGULAR APPROPRIATIONS BILLS AND CONTINUING RESOLUTIONS [CR]—Continued

[Fiscal years 1977–1999]

Fiscal year	Continuing resolutions enacted	Regular appropriations bills included in CR
1996	14	6
1997	0	0
1998	6	0
1999	6	0

[1] The two CRs did not provide continuing funding for entire regular bills; instead, they provided funding for selected activities.

SOURCES: U.S. Congress, Senate Committee on Appropriations, ''Appropriations, Budget Estimates, Etc.,'' 94th Cong., 2d sess.–103d Cong., 2d sess. (Washington: GPO, 1976–1994). U.S. Congress, House, ''Calendars of the U.S. House of Representatives and History of Legislation,'' 104th Cong., 1st sess., 105th Cong., 2d sess. (Washington: GPO, 1995–1998).

Summary of Proposed Change. This bill provides for an automatic continuing resolution for any program, project, or activity for which an appropriations bill has not been agreed to by the beginning of the fiscal year. The continuing appropriation covers every program or activity that was funded in an appropriation in the prior fiscal year, if the regular appropriations act covering that activity has not been enacted. No appropriation would be provided for a new program or project; funding for a new program, or the discontinuation of funding for an existing program, could only occur through enactment of a specific appropriations act.

The interim continuing appropriation for each program and project would be at the prior year's level. If a regular appropriation were passed, then its funding levels would replace those of the continuing resolution. There are no exceptions for funding selected programs at higher levels—although separate legislation could always be enacted to accommodate such programs.

The actual appropriation is in effect the first day on which there is a lapse in appropriations until a regular appropriation is enacted.

Any conditions or limitations in effect in the prior year would remain in effect under the continuing resolution. For example, the fiscal year 1999 appropriations bill for Labor, Health and Human Services, Education, and Related Agencies included the following conditions and limitations:

- That notwithstanding any other provision of law, funds made available under this heading may be used to continue operating the Council on Graduate Medical Education established by section 301 of Public Law 102–408. (Health Resources and Services Administration.)
- That none of these funds shall be used to pay recipients of the general research support grants program any amount for indirect expenses in connection with such grants. (National Center for Research Resources.)
- That the Director may direct up to 1 percent of the total amount made available in this or any other Act to all National Institutes of Health appropriations to activities the Director may so designate.
- That of the amount provided, $300,000 shall be for the Philadelphia City-wide Improvement and Planning Agency. (Substance Abuse and Mental Health Services.)

- That funds appropriated under this heading may be obligated to increase Medicare provider audits and implement the Department's Health Care Financing Administration's oversight of Medicare. (Health Care Financing Administration.)
- During fiscal year 1999, no commitments for direct loans or loan guarantees shall be made. (Health Maintenance Organization Loan and Loan Guarantee Fund.)
- That no funds shall be awarded to a State Council under section 112(f) of the Carl D. Perkins Vocational and Applied Technology Education Act, and no State shall be required to operate such a Council. (Vocational and Adult Education)
- None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, expect for a student requiring special education, to the school offering such special education. (Department of Education.)

If such provisions were enacted in the prior year's regular appropriations bill, they would remain in place in the automatic continuing resolution.

The bill provides that once the regular appropriations bills are agreed to, the continuing appropriation is charged to the relevant appropriation, fund, or activity. This means that the funding provided by the continuing resolution is not in addition to the regular appropriation. Once the regular appropriations bill is enacted, it replaces the continuing resolution as the authorization for incurring obligations to operate the program or activity. All obligations incurred under the continuing resolution are, therefore, liquidated by the funds provided by the enacted appropriations bill. Language similar to this has routinely been included in continuing resolutions for many years.

For instance, if the Commerce-Justice-State and the Judiciary appropriations bill is not enacted by the beginning of the fiscal year, the continuing resolution would provide funding at the previous year's level for all programs and activities included in the previous year's appropriation until the regular current year's appropriation is enacted. No new programs or activities could be started and none could be eliminated. Upon enactment of the regular appropriation, all of the obligations incurred under the continuing resolution for the programs and activities covered by the bill would be transferred to the regular appropriations bill. In this way, the programs and activities covered by the continuing resolution do not receive a windfall.

In those instances in which the regular appropriations bill reduces the funds available to the program or activity below the level of the continuing resolution, the agency is expected to adjust subsequent spending to comply with the lower funding level. When the funding level is reduced to a level at which it is impossible for the subsequent spending to be reduced to bring total spending into compliance with the level in the regular appropriations bill, the Comptroller General has consistently ruled that the continuing resolution provides the authority for the excess obligations incurred prior to the enactment of the regular bill.

The bill covers the following categories and activities:

- Agriculture, rural development, and related agencies.
- The Departments of Commerce, Justice, and State; the judiciary; and related agencies.
- The Department of Defense.
- The government of the District of Colombia.
- The Departments of Labor, Health and Human Services, and Education; and related agencies.
- The Departments of Veterans Affairs and Housing and Urban Developments; and selected independent agencies, boards, commissions, corporations, and offices.
- Energy and water development.
- Foreign operation and related programs.
- The Department of the Interior and related agencies.
- Military construction.
- The Department of Transportation and related agencies.
- The Department of the Treasury; the Postal Service; the Executive Office of the President; certain independent agencies; and the legislative branch.

The bill would not affect programs with permanent appropriations, such as Medicare and Social Security.

For appropriated entitlements, the continuing resolution also would provide the prior year's funding, but would not affect recipients" entitlement to specified benefits. Any claimants denied their specified benefits could seek redress in the courts and theoretically collect a judgment from the claims and judgment account, which is a permanent appropriation.

Purpose of Proposal. The primary purpose of the automatic continuing resolution is to prevent a government shutdown during an appropriations lapse. In avoiding a government shutdown, an automatic continuing resolution will ensure the continuation of government services; prevent the temporary dislocation of Federal workers; and provide for a more rational and deliberate debate over spending priorities.

The government shutdowns in 1995 and 1996 caused large furloughs of Federal employees without pay. In the first shutdown—beginning on November 14, 1995—more than 800,000 employees were furloughed for 6 days. In the second shutdown, in December of that year, 260,000 employees were furloughed for 21 days—by far the longest running government shutdown.

Aside from the obvious effect on employee productivity, the shutdowns had adverse effects on morale, particularly when the shutdowns occurred during the end-of-the year holiday season. Moreover, the impact of the shutdowns was disproportionately felt at the lower ends of the GS scale, which consists of personnel less likely to have significant savings.

Both Congress and the President have used the threat of a government shutdown to extort concessions from the other side. Dur-

ing the 104th Congress, the Congress used the threat of a shutdown to try to force the President to agree to tax cuts and significant reductions in discretionary spending. Last year, the President used the threat of a shutdown to win higher levels of discretionary spending—but not without the Congress wrangling large increases in defense spending.

Eliminating the potential for government shutdowns will not, however, eliminate eleventh-hour wrangling over appropriations near the end of a fiscal year. If the priorities of Congress and the President differ, their differences will continue to appear in appropriations bills, and they will have to keep negotiating. But the continuing resolution will protect third parties—specifically government employees and citizens—from paying the price for what is essentially a political disagreement.

Nor will the parties lose their incentive to reach agreement. Both Congress and the President will still want their priorities expressed through appropriations bills; and to the extent their priorities differ, they will still need to negotiate them. They simply will not put government operations at risk if they fail to agree.

Finally, this continuing resolution is evenhanded. Neither the President nor the Congress has an advantage as negotiations continue. With the continuing resolution set at the prior year's level, the President will be unable to threaten a shutdown to demand huge increases—as was the case in 1998—and the Congress will be unable to force huge cuts in spending. Moreover, neither side will be able to use the must-pass CR as a vehicle for controversial legislation that would not pass on its own merits in a freestanding bill.

TITLE VII—BUDGETING IN AN ERA OF SURPLUSES

Current Law. As part of the Omnibus Budget Reconciliation Act of 1990, a pay-as-you-go [PAYGO] requirement was established for all tax and entitlement legislation. Under PAYGO, any increase in the deficit from the enactment of legislation reducing revenue or increasing direct spending must be offset by enacted legislation that increases revenue or reduces direct spending. PAYGO does not discriminate between changes in revenue and spending: tax cuts can be offset with reductions in direct spending or increases in revenue; and increases in direct spending may be offset by increases in revenue or decreases in direct spending.

If the sum of all PAYGO legislation is not offset in the budget year, then the spending levels of all nonexempt entitlement programs for that year are automatically reduced, through a process known as sequestration. Programs exempt from this provision include Social Security, Medicaid, and certain veterans' benefits. Certain other programs, such as Medicare, may not be sequestered by more than a specified amount.

PAYGO legislation must be offset in each of 5 fiscal years, but is enforced only 1 year at a time. After Congress adjourns for a session, OMB determines whether there is a net cost from all PAYGO legislation in the fiscal year that began on October 1 of that calendar year. If Congress adjourns on November 1 of calendar 1999, then a sequester is applied against fiscal year 2000 spending levels. If legislation enacted at the end of October reduced revenue or increased direct spending in fiscal year 2001, legislation could be en-

acted over the following 12 months to avoid a sequester in the following fiscal year.

PAYGO currently applies to new legislation through fiscal year 2002. Such legislation, however, must be offset for a full 5 fiscal years. For legislation enacted in fiscal year 2002, the PAYGO procedure extends through fiscal year 2006.

Summary of Proposal. This title modifies pay-as-you-go [PAYGO] requirements to permit tax and entitlement legislation reducing taxes or increasing direct spending to be offset by the on-budget surplus. Under current law, such legislation must be fully offset by subsequent tax and entitlement legislation regardless of whether there is an on-budget deficit. Title VII would require offsets for tax and entitlement legislation only to the extent the costs of such legislation exceeded the on-budget surplus.

To achieve this end, the bill changes the formula for determining the need for, and size of, any sequester. As currently interpreted by OMB, a PAYGO sequester is triggered for the budget year in the amount that the sum of all tax and entitlement legislation would either increase the deficit or reduce the surplus. As modified by this bill, a PAYGO sequester would only be triggered if the cost of new tax and/or entitlement legislation for the budget year was greater than the on-budget surplus for that budget year. If, for example, OMB estimated an on-budget surplus of $70 billion for a given fiscal year, Congress and the President could enact up to that amount in any combination of tax cuts or entitlement increases without having to enact offsets to avoid a sequester. They would, however, still be required to find offsets for any PAYGO legislation that cost in excess of $70 billion.

In recognition of the changing nature of projected surpluses, however, the bill requires reestimates of the surplus at the beginning of each year to determine if *additional* offsets are necessary to prevent the Federal Government from running an on-budget deficit. In the above example, if $70 billion in tax cuts were enacted, and the projected surplus, when reestimated, declined from $70 billion to $65 billion, then Congress and the President would have to enact an additional $5 billion in offsets or face a sequester in that amount—because the net result would be an on-budget deficit of $5 billion without the offsets.

Because the purpose of PAYGO is not to trigger a sequester but to encourage the enactment of offsetting legislation, the bill further modifies PAYGO procedures to provide the Congress and the President a full session of Congress to enact the necessary offsets to prevent a sequester. A snapshot of the surplus would be taken when the President submits his budget in January or early February. From this estimate of the surplus, the Congress and the President could then work through the regular budget process to enact additional offsets.

As a special precaution against a sequester, the bill creates a special procedure to facilitate the enactment of the necessary offsets for PAYGO legislation. If on October 15, OMB notifies Congress that a sequester will be triggered when it adjourns, the House can quickly pass a simple resolution directing the authorizing committees to submit to the Budget Committee legislation offsetting the PAYGO legislation. Such legislation could be quickly

considered on the floor under the expedited procedures accorded budget resolutions and reconciliation bills.

There are three important elements to this modest change in PAYGO.

First, it in no way prejudges what should be done with the on-budget surplus—whether to use it to reduce the debt, cut taxes, or increase direct spending. It simply gives the Congress and the President the ability to decide whether some or all of the on-budget surplus should be used to offset PAYGO legislation on a bill-by-bill basis. Congress and the President would be completely free to offset tax cuts or direct spending initiatives and thereby preserve the surplus for deficit reduction. Conversely, they might opt not to offset tax cuts or direct spending increases and thereby implicitly finance such measures out of the surplus.

Second, it will allow both the Congress and the President to reassert their respective roles in determining budgetary priorities in a post-balanced budget environment. In the absence of chronic deficits, Congress and the President should be free to determine the appropriate levels of Federal taxation and spending without artificial budget constraints. Moreover, if these constraints are not adapted to the current fiscal environment, then they will be unilaterally waived as was implicitly assumed in the President's budget submission for fiscal year 2000.

Third, this title preserves the PAYGO discipline whenever there is an on-budget deficit or the bill would result in an on-budget deficit. Instead of repealing PAYGO, the bill would require offsets for tax and spending legislation should the Federal Government begin to run deficits. If, for example, OMB were to estimate a surplus for fiscal year 2001 next January, then the Congress and the President would have to fully offset the costs of any PAYGO legislation in that year.

Finally by requiring offsets when there is an on-budget deficit, the bill effectively acts as a Social Security lock-box. That is, it requires legislative offset for any enacted tax and entitlement bills that would otherwise be implicitly financed out the Social Security surplus. This arises from the fact any PAYGO legislation implicitly financed out of the surplus receipts coming into the Old Age and Survivors Insurance and Disability Insurance [OASDI] trust funds would have to be offset—so that, in fact, they would not be financed out of OASDI surpluses. [See Table 11.]

TABLE 11.—EXAMPLE OF HOW THE ON-BUDGET SURPLUS WOULD BE PROTECTED

[Dollars in billions]

	Fiscal year	
	2001	2002
Projected On-Budget Surplus	$20	$20
Changes to Surplus Estimate:		
Major Legislation	−10	−10
Economic Changes	−10	−15
Revised On-Budget Projections	0	−5
Amount to be offset through legislation or sequestration	0	5

Purpose of Proposed Change. The emergence of on-budget surpluses and projected near-term unified surpluses has called into

question the need to require that tax cuts and direct spending increases be fully offset. PAYGO was imposed in 1990, and extended in 1993 and 1997, as an interim requirement to prevent increases in the deficit. Many in Congress believe that the surpluses should be returned to the taxpayers in the form of tax cuts. Others believe Congress should take advantage of the surpluses to make selected "investments" in areas such as education, research and development, health care, and the like. Another group believes that some or all of the non-Social-Security surplus should be used to reduce the Federal debt. Still others believe the PAYGO requirement should be restricted to entitlement initiatives such that only entitlement initiatives have to be offset and that the offset must consist only of reductions in entitlement spending.

Despite this range of views, the various parties appear to agree on two points: PAYGO should be preserved in a way that keeps the unified budget in balance; and Congress and the President should be permitted to decide what to do with the non-Social-Security part of the budget. Moreover, both sides are conscious of the volatility of current estimates and the projected emergence of long-term surpluses when the retirement of the baby boom begins to strain sources of available revenue. On the basis of this consensus, this bill stipulates that all tax cuts and entitlement initiatives must be offset if they would cause an on-budget deficit. It further provides that Congress and the President can decide, when there is an on-budget surplus, whether or not to offset any tax cuts or entitlement initiatives. Finally, it requires additional offsets if the decision is made to offset legislation with the surplus and the surplus fails to materialize.

The only policy bias in this reform is that it prevents the Congress and the President from financing tax cuts or entitlement initiatives out of the Social Security surplus. The bill is neutral on whether the non-Social Security surplus should be used for debt reduction, tax cuts, or entitlement initiatives. Nothing in the bill prevents the Congress and the President from preserving the surplus by offsetting all initiatives. Nothing in the bill prevents Congress from using offsets for entitlement increases but not for tax increases, or vice versa.

Because the bill preserves the PAYGO discipline, even advocacy groups with a bias toward debt reduction either support this reform outright or are neutral on it. In testimony on the bill before the Rules Committee, Martha Philips of the Concord Coalition noted that:

> H.R. 853 allows for the use of "rest of government" surpluses. Concord does not oppose this provision. However, we are concerned that spending increase or tax cut commitments might be made in anticipation of budget surpluses that either do not materialize at all or are not as large as expected. The authors of the bill have anticipated this by providing that if legislation is enacted that exceeds the actual surpluses, a sequester will occur unless the shortfall is made up.

Virtually every player in this year's budget debate needs a change in PAYGO requirements to implement their budgetary pri-

orities. The President needs a PAYGO change because he uses tax increases (mostly from a tax on cigarettes) and changes in other mandatory programs to help pay for a $30-billion increase in discretionary spending as proposed in his budget submission for fiscal year 2000. The conference report accompanying the congressional budget resolution for fiscal year 2000 assumes a tax cut of $778 billion, financed out of the on-budget surplus. Similarly, the Democratic alternative in the House requires a PAYGO change to finance its tax cut of $116 billion out of the on-budget surplus.

In looking at the purpose of reforming PAYGO, the bill preserves the PAYGO discipline in an era of budget surpluses. Both PAYGO and the discretionary spending limits were enacted as temporary measures to reduce the deficit. They contributed significantly to balancing the budget. As explained by Rudolph G. Penner, former Director of CBO, the challenge of this post-balanced-budget era is the following:

> [T]o retain the discipline imposed by pay-as-you-go while allowing the surplus to be used for spending increases or tax cuts. PAYGO rules were clearly designed for an era of deficit. They are no longer appropriate and probably cannot survive without modification.

With all parties assuming a change in PAYGO this year, this bill permits the rank and file in Congress, the authorizing committees, and the President to decide whether they want to offset tax initiatives on a bill-by-bill basis. If PAYGO is not changed proactively, it will inevitably be changed or waived during the rush to adjourn—probably by a select group of congressional leaders and administration officials, with little input from other Members. OMB Director Jacob J. Lew admitted as much in a communication with the Committee on Government Affairs in which he stated: "We believe that allocation of projected surpluses should be carefully deliberated in the context of a comprehensive budget framework, and oppose changing the pay-as-you-go rules at this time."

Finally with the budget debate having largely shifted from reducing deficits to preserving Social Security surpluses, this title effectively prevents the Congress and the President from enacting legislation financed by the Social Security surpluses. By requiring offsets for tax and direct spending legislation when the non-Social Security part of the budget is in deficit, Title VII effectively prevents the Federal Government from borrowing from the Social Security trust funds to pay for tax cuts or entitlement initiatives.

Legislative History

INTRODUCTION

The broad, bipartisan character of this legislation is reflected by the long and varied support for its concepts. Efforts to improve the process by which Congress handles trillions of dollars of public money every year have been introduced in Congress after Congress by Members of both parties. As Representative Jim Nussle noted in his testimony to the Senate Budget and Governmental Affairs Committees, this bill draws on the expertise and hard work of those Members, who established the foundation on which Representative Nussle, Representative Benjamin L. Cardin, and Representative Porter J. Goss crafted the legislation. It was the job of the Budget Committee's Task Force on Budget Process Reform, working with the Committee on Rules, to sort through these proposals and draft a cohesive and comprehensive bill.

The bill is the immediate product of a majority of both Republicans and Democrats that served on the Budget Committee's Task Force on Budget Process Reform in the 105th Congress: Chairman Nussle, Ranking Minority Member Cardin, Representatives Radanovich, Sununu, Minge, and Granger. Representatives Cardin and Minge played an especially courageous role in crossing partisan lines to craft a balanced and bipartisan bill.

No Member in the House has contributed more to budget process reform than Representative Christopher Cox, who has long championed the crown jewel of this bill: the joint budget resolution. As an indication of its bipartisan support, the joint resolution also draws on legislation introduced by Representative Cardin; Representative John M. Spratt Jr., the ranking minority member on the Budget Committee; and former Representative Leon E. Panetta, a previous chairman of the Budget Committee.

Together with Representative Joe Barton, Representative Cox also chaired, during the 105th Congress, the Speaker's Task Force on Budget Process Reform, which urged the Budget Committee to address such contentious issues as the automatic continuing resolution and modifying pay-as-you-go [PAYGO]. Representative Barton introduced his omnibus budget process bill, H.R. 2293, in the 106th Congress on June 22, 1999.

In the area of emergencies, the bill borrows heavily on the reserve fund concept for emergencies that was introduced and refined over the years by Representative Michael N. Castle. Similarly, the automatic continuing resolution in the bill is a testimony to the tireless efforts of Representative George W. Gekas. The subtitle on baselines was taken directly from a 1994 floor amendment offered by former Representative Timothy J. Penny together with Representative John R. Kasich, the current Budget Committee chair-

man, and Representative Charles W. Stenholm, one of the House's foremost leaders in efforts to balance the Federal budget and reform the budget process.

The expansion of budget rules to nonreported bills was taken from a bill originally offered in 1993 by Representative John Joseph Moakley, currently the ranking minority member on the Rules Committee. The curbs imposed on the so-called Byrd rule in 1994 were derived from a bill originally introduced by Representative Martin Olav Sabo when he was chairman of the Budget Committee. Finally, the sunsetting provisions are the legacy of Senator Edmund S. Muskie, who believed that no program was above periodic review, and House Members such as Minority Leader Richard A. Gephardt, former Representative Norman Y. Mineta, and Representative Lloyd Doggett, who has reintroduced the bill.

Much of the credit for this bill also goes to former Rules Committee Chairman Gerald B. H. Solomon, a long-time student of the budget process who retired after the conclusion of the 105th Congress. Representative Solomon first approached Chairman Kasich on the House floor in late 1997 and suggested that the two committees work together on a comprehensive reform package.

Mr. Solomon's efforts were taken up in the 106th Congress by current Rules Committee Chairman David Dreier, under the leadership of Representative Goss, the chairman of the Rules Committee's Subcommittee on Legislative and Budget Process. The Budget and Rules Committees worked closely to interweave legislative procedures and budgetary controls to establish a new model for making yearly budget decisions. Without the participation of the Rules Committee, the bill would not contain such critical elements as requiring periodic reauthorization, and the lock-box.

Finally—but not least important—was the role of Budget Committee Chairman Kasich, who appointed the Task Force and advised Task Force Chairman Jim Nussle to work with Democrats on and off the committee in drafting a bill. In addition to his legislative efforts in the areas of joint resolutions, baselines, budget enforcement, entitlements, emergencies, and expedited rescissions, Chairman Kasich intervened at several critical junctures in the development of this bill to resolve key problems that threatened the coalition of interests supporting the bill. He then moved the bill through the full Budget Committee. Moreover, it was Chairman Kasich who had previously secured jurisdiction over the budget process, so that the Budget Committee would be in a position to report this bill.

TITLE I—BUDGET WITH THE FORCE OF LAW

Representative Cox developed and refined the concept of a joint budget resolution when he was senior associate counsel in the Executive Office of the President. His proposal was included in President Reagan's State of the Union Address in 1988. As a House Member, Representative Cox first introduced a bill converting the concurrent resolution into a joint resolution in the 101st Congress (H.R. 5975). His bill provided for a joint resolution that retained the budget functions, required a two-thirds vote of each House to pass legislation that exceeded the resolution levels, and required the President to offset any breach of a function level by changing

programs within the breached function. Representative Cox introduced similar bills in 1991, 1993, 1996, and 1997 (H.R. 298, H.R. 2929, H.R. 4285, and H.R. 1372, respectively). In the 105th Congress, Representative Cox's bill, H.R. 1372, had 200 cosponsors.

Among the first bills that provided for a joint budget resolution, however, was one introduced in the 101st Congress by Senator Pete V. Domenici, the current Budget Committee chairman, Thomas A. Daschle, the Senate minority leader, and former Senator J. Bennett Johnston. The bill, S. 391, established a joint budget resolution under the jurisdiction of a joint budget committee. The resolution was to be enacted on a biennial basis. Like H.R. 853, the Senate bill replaced the budget functions with eight broad spending categories. S. 391 also included an automatic joint resolution if the joint resolution was not agreed to by the beginning of the first session of each Congress.

In addition to S. 391, other bills providing for a joint budget resolution in the 101st Congress were introduced by Representatives Andy Ireland (H.R. 191), Bill Schuette (H.R. 1957), Elizabeth J. Patterson (H.R. 364), Fred Upton (H.R. 2963), and Jim Lightfoot (H.R. 3068).

In conjunction with consideration in the House of a proposed amendment to the U.S. Constitution requiring a balanced budget, Representative Panetta, then the chairman of the House Budget Committee, and Representative John Spratt introduced a bill in the 102d Congress in which the existing concurrent budget resolution would automatically spin off a bill establishing enforceable limits on spending and revenue, and deficit reduction targets (H.R. 5676). This bill was similar to a bill introduced on May 27, 1992, by Representative Panetta (H.R. 5272). Although the Committees on the Budget, Government Reform and Oversight, and Rules held hearings on this bill, the legislation was not considered on the floor.

Other bills providing for a joint resolution were introduced by Representatives Spratt, Richard K. Armey, and Jim Kolbe in the 103d Congress (H.R. 998, H.R. 883, and H.R. 565, respectively), and by Representative Peter J. Visclosky in both the 104th Congress and the 105th Congress (H.R. 1516 and H.R. 898, respectively).

Chairman Kasich, then the ranking minority member of the House Budget Committee, was the first Member to actually offer an amendment on the House or Senate floor providing for a joint budget resolution. The amendment was offered as part of a complete substitute in the House to the Omnibus Budget Reconciliation Act of 1993 (H.R. 2264); it was defeated by a vote of 138 to 295 on May 25, 1993. On July 21, 1994, Representatives Kasich, Jim Kolbe, and J. Alex McMillan offered an amendment in the nature of a substitute to a budget process reform bill (H.R. 4604) offered by Representative Spratt. The Kasich amendment used a joint budget resolution to implement an annual entitlement review process (amendment No. 771). The amendment was defeated on a rollcall vote.

The House has also considered and defeated a number of bills or amendments that established a joint budget resolution as part of the procedures to enforce various budgetary controls. These included Representative Bill Orton's amendment to H.R. 2491 in

1995, and a bill by Representatives Joe Barton and David Minge (H.R. 2003) in 1997.

More recently, on November 13, 1995, Representative Cardin, the ranking minority member of the Budget Committee's Task Force on Budget Process Reform in the 105th Congress, proposed in H.R. 2622 converting the budget resolution into a joint resolution.

TITLE II—RESERVE FUND FOR EMERGENCIES

The House recognized the need for special rules for emergencies when, in 1995, it passed an amendment to the U.S. Constitution to require a balanced budget. The House joint resolution, H.J.Res. 1, allowed an exception to the balanced budget requirement when "three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote." The amendment also permitted Congress to waive the balanced budget requirement when a "declaration of war is effect" or "the United States is engaged in military conflict which causes an imminent serious military threat to national security." The Senate did not approve the joint resolution by the necessary two-thirds vote.

The way in which the Federal Government currently budgets for emergencies dates to the Budget Enforcement Act of 1990 [BEA 90], which was part of the larger Omnibus Budget Reconciliation Act of 1990 [OBRA 90] (H.R. 5835, Public Law 101–508). OBRA 90 imposed caps on discretionary spending and a pay-as-you-go [PAYGO] requirement for tax and spending legislation. The BEA provided that any appropriation or direct spending or tax provision that was designated by both Congress and the President as an emergency was exempt from the discretionary spending limits (if it were in an appropriation bill) or from PAYGO (if it were in an authorization bill).

In January 1991, as part of its report on the Costs of Domestic and International Emergencies and Threats Posed by the Kuwaiti Oil Fires, the Bush administration submitted a definition of emergencies. This definition has been used in both the Bush and Clinton administration's to provide guidance to executive agency personnel submitting supplemental budgets. It is part of the Directives to Agencies Heads on the Preparation of the Administration's Budget Submissions (Circular No. A-11).

The first legislative effort to change current budgetary treatment of emergencies dates to the 103d Congress. On August 17, 1994, the House considered a bill permitting Members to offer amendments to strike nonemergency provisions from legislation that designated amounts for emergencies (H.R. 4906). H.R. 4906 would have made it in order to offer amendments striking nonemergency-designated provisions from an emergency bill. The bill also required nonemergency items to be within the Appropriations Committee's allocations.

During the consideration of H.R. 4906, the House considered three alternatives offered as amendments. The House defeated a substitute offered by Representative Sam Johnson that would have eliminated the exemptions for emergency-designated appropriations and reduced the discretionary spending limits by the amount of any emergency-designated appropriations enacted in any given fis-

cal year in the following fiscal year (amendment No. 846). Especially significant for this bill, the House also defeated an amendment by Representative Castle—introduced separately as H.R. 4189—that would have established an emergency reserve for natural disasters and national security emergencies (amendment No. 847). The amendment established a separate allocation to the Appropriations Committee for emergencies, which was to be suballocated among each of the appropriations subcommittees. The amount included in the allocation was to be determined by the Congress rather than by formula. Finally, the amendment established a budget reserve account and prohibited the President from using amounts in the account for nonemergencies (amendment No. 847).

The House ultimately adopted an amendment in the nature of a substitute offered by Representatives Stenholm, Penny, and Kasich. This amendment, which was also introduced by the three Members as part of an omnibus bill, H.R. 4434, and as a freestanding bill, H.R. 4913, also prohibited the inclusion of nonemergency items in emergency bills. In addition, it prohibited the Office of Management and Budget [OMB] from exempting any emergency-designated appropriation or direct spending or tax provision from the discretionary spending limits or PAYGO requirements if it included nonemergency spending or tax provisions. The bill was not taken up in the Senate.

In 1994, the Report of the Bipartisan Task Force on Disasters recommended the establishment of a "rainy day" disaster trust fund. An amount equal to a 5-year rolling average was to be deposited in the trust fund for disaster preparedness and response efforts. The trust fund was to be financed by a fee on property and casualty insurance premiums. The House did not act on the Task Force's recommendations.

During the same year, the House passed H.Con.Res. 218, the budget resolution for fiscal year 1995, which included the following (sec. 8, H.Rept. 103–428):

> It is the sense of Congress that——
>
> (1) The emergency designation under section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 has repeatedly been invoked to circumvent the discretionary spending limits for other than emergency purposes;
>
> (2) Amounts for emergencies should be set aside within a reserve fund and subject to the discretionary spending limit;
>
> (3) The reserve fund shall total 1 percent of annual budget outlays; and
>
> (4) Emergency funding requirements in excess of amounts held in the reserve fund should be offset by a reduction in appropriations.

This language was dropped in conference.

In the budget resolution for fiscal year 1996, H.Con.Res. 67, the House adopted a more inclusive sense-of-Congress provision (sec. 8, H.Rept. 104–120). The language read:

> It is the sense of Congress that Congress should study alternative approaches to budgeting for emergencies, including codifying the definition of an emergency and establishing contingency funds to pay for emergencies.

This language was retained as a sense of the House in the conference report (sec. 314, H.Rept. 104–159). Similar language was also included in the House-passed budget resolution for fiscal year 1997, H.Con.Res. 178. This language was also retained in conference but became a sense of the House in the conference report.

In 1995, Representative Bill Orton offered a complete substitute to an omnibus reconciliation bill (amendment No. 884, H.R. 2491) that established a separate category in the budget resoltion for emergencies, and a budget reserve account. The Appropriations Committee was required to suballocate the amount for emergencies among its subcommittees. The amendment failed by a vote of 356 to 72.

In 1997, the House voted on a bill establishing entitlement limits that also contained a reserve fund for emergencies. The bill, H.R. 2003, offered by Representatives Joe Barton and David Minge, would have withheld an amount for emergencies from the Appropriations Committee's 302(a) allocation. With most of the attention on the entitlement limits, the bill did not pass.

Since Representative Castle offered his amendment to H.R. 4906 in the 103d Congress, he has remained the leading advocate in the Congress of requiring the Federal Government to budget for emergencies—having introduced similar bills establishing reserve funds for emergencies in the 100th, 105th, and the 106th Congresses (H.R. 1245, H.R. 457, and H.R. 537, respectively). As introduced in the 105th Congress, H.R. 537 established a separate category for emergencies in the budget resolution, provided for a separate allocation to the Appropriations Committee for emergencies, and restricted the obligation of the emergency-designated appropriations to the designated emergencies.

In March 1999, the Senate-passed concurrent budget resolution for fiscal year 2000 included a sense-of-Congress provision that called for a task force on establishing a reserve fund for natural disasters (sec. 350, Senate amendment to H.Con.Res. 68). The Senate resolution also included a definition of emergency similar to the definition in this bill and establishes a point of order in the Senate by which emergency-designations may be stricken from Senate bills. In conference, the reserve fund for natural disasters was dropped while the codified definition of an emergency and the point of order were retained (sec. 206, H.Rept. 106–91).

TITLE III—ENFORCEMENT OF BUDGETARY DECISIONS

Subtitle A—Application of Points of Order to Unreported Legislation

The congressional budget process is enforced by points of order that can be raised against legislation that is considered prior to the budget resolution, exceeds the budget resolution, or provides certain types of mandatory spending authority. In the House, these points of order may only be raised against bills that are first re-

ported by the committee of jurisdiction. Consequently, bills that are brought to the floor without being reported by a committee are essentially exempt from all limitations imposed by the budget resolution.

The absence of any enforcement for nonreported bills dates to the original Congressional Budget Act of 1974 (H.R. 7130, Public Law 93–344, 31 U.S.C. Subtitle II). The act exempted nonreported bills from the prohibition against consideration of measures that exceeded the budget aggregates under section 311(a) of the Budget Act, but not the prohibition against consideration of spending and tax bills before the budget resolution is agreed to.

In 1985, as part of the Balanced Budget and Emergency Deficit Control Act (H.J.Res. 372, Public Law 100–119, 2 U.S.C. Chapter 20), section 303(a) was restricted to reported bills and a new restriction against consideration of measures that exceeded a committee's allocation under 302(f) of the Budget Act was limited to reported bills.

In 1992, House Budget Committee Chairman Panetta introduced an omnibus bill that extended Budget Act restrictions enforced through points of order to nonreported bills (sec. 201, H.R. 5676). The Budget, Rules, and Government Oversight Committees held hearings on the bill, but it was not considered on the floor. Representative Penny introduced a similar bill in 1993.

In 1993, the Committee on Rules reported a House resolution that modified the reconciliation bill that would have applied all requirements set forth in the Budget Act to nonreported bills (sec. 15203, H.R. 2264, as modified by H.Res. 186). This provision, together with other changes in the congressional budget process, was self-executed into a reconciliation bill, which the House approved, by a vote of 219 to 213. But under the threat of a point of order, this provision was dropped from the conference report.

In 1995, Representative Orton offered a substitute to H.R. 2491, an omnibus budget reconciliation bill, that would have extended all Budget Act points of order to nonreported bills (amendment No. 8, sec. 14901).

Finally, on July 29, 1998, Representative John Joseph Moakley, the ranking minority member of the Rules Committee, introduced a bill applying points of order to nonreported bills (H.R. 4343).

TITLE IV—ACCOUNTABILITY FOR FEDERAL SPENDING

Subtitle A—Limitations on Direct Spending (Section 411)

Subtitle B—Enhanced Congressional Oversight Responsibilities (Section 421)

The impetus for limiting the duration of any authorization initially came from the State of Colorado, which adopted a "sunset" law in 1976. From 1982 through 1997, 36 States enacted sunset laws. Senator Joseph R. Biden, Jr., introduced the first sunsetting bill in Congress in 1975 (S. 2067). His legislation limited authorizations to a period of 4 years. Later in the same Congress, the Government Operations Committee reported a sunsetting bill introduced by Senator Muskie (S. 2925). The bill automatically terminated Federal programs on a staggered basis unless they were re-

authorized and reviewed by congressional committees according to a specified schedule. The bill was not ultimately considered on the Senate floor. In the House, hearings were held on the companion to the Senate bill, but it was not marked up in committee.

More than 50 such bills were introduced in the 95th Congress. In the House, Representative Butler Derrick of the Rules Committee developed an alternative to sunsetting, which was dubbed "sunrising." Rather than automatically terminating programs, Representative Derrick's alternative required the committees reporting authorizing legislation to include precise programmatic goals, the development of performance measures, and the periodic review of agency performance. The Senate Governmental Affairs Committee again reported a bill introduced by Senator Muskie (S. 2). The Committee on Rules and Administration subsequently reported the bill with amendments, in part derived from "sunrising" legislation, requiring committees to establish 10-year plans to review major programs and to require statements of program goals, performance measures and reporting requirements. Finally, after meeting additional concerns voiced by then-Senate Majority Leader Robert C. Byrd and then-Majority Whip Alan Cranston, the bill was considered on the Senate floor.

In the 96th Congress, the Senate Governmental Affairs Committee again reported a sunsetting bill, but it was never considered on the Senate floor. In the House, the Rules Committee introduced a bill that required each committee to establish an oversight agenda, but dropped the automatic termination of programs that were not reauthorized according to schedule.

More recently, Representative Mineta reintroduced bills requiring reauthorization and review of government programs in the 98th, 99th, and 100th Congresses (H.R. 2, H.R. 2, H.R. 7, respectively), and was joined by current House Minority Leader Gephardt in introducing such bills in the 101st, 102d, and 103d Congress (H.R. 23, H.R. 4062, and H.R. 10, respectively). During the 105th Congress, Representative Lloyd Doggett also introduced a version of this bill on June 17, 1997 (H.R. 1913).

Two sunsetting-type bills have been introduced in the 106th Congress. Representatives Kevin Brady and John R. Kasich introduced H.R. 2128, a bill establishing a commission to review the efficiency of government programs, on June 10, 1999. In the Senate, on May 13, 1999, Senator Richard C. Shelby introduced S. 1040, a bill requiring reauthorization of government programs.

Several minor provisions dealing with reauthorization and program evaluation did make their way into the House rules and the law. Clause 2 of House Rule X was amended in the 104th Congress to require, as part of the oversight reports committees are required to adopt each Congress, that:

> In developing such plans each committee shall, to the maximum extent feasible * * * (C) have a view toward ensuring that all significant law, programs, or agencies within its jurisdiction are subject to review at least once every 10 years.

Further, section 703 of the original Congressional Budget Act required that the Budget Committee study and report on proposals

"establishing maximum and minimum time limitations for program authorizations."

Subtitle C—Strengthened Accountability

The House first adopted a House rule providing for the automatic engrossment of a bill increasing the statutory limit on the debt in the 96th Congress (Public Law 96–78). The rule was further amended in the 96th, 97th, 98th, and 99th Congresses (it was recodified as rule XXIII in the 106th Congress). Since the beginning of the 104th Congress, the House has suspended the rule several times (H.Res. 149 in 1995, H.Res. 435 in 1996, H.Res. 152 in 1997, H.Res. 455 in 1998, and H.Res. 131 in 1999).

In 1993, Representative Kasich proposed to repeal the so-called Gephardt rule as part of an amendment in the nature of a substitute to the Omnibus Budget Reconciliation Act (amendment No. 83, sec. 14005(b)(3), H.R. 2264).

Representative Nick Smith has introduced three resolutions suspending the rule, one each in the 104th, 105th, and 106th Congresses (H.Res. 138, H.Res. 30, and H.Res. 20, respectively).

TITLE V—BUDGETING FOR UNFUNDED LIABILITIES AND OTHER LONG-TERM OBLIGATIONS

Subtitle A—Budgetary Treatment of Federal Insurance Programs

Interest in budgeting for contingent liabilities predates the congressional budget process. In August 1956, Congress enacted a bill that required agency accounts to be maintained on an accrual basis "[a]s soon as practicable * * *" (S. 3897, Ch. 814-Public Law 863). The issue of unfunded liabilities and accrual budgeting was addressed in hearings of the Joint Committee on Budget Control in 1973.

Currently, the Federal Government's contributions for military personnel and civilians under the Federal Employees Retirement System are made on an accrual basis. In 1990, direct loans and loan guarantees were put on an accrual basis as part of the Omnibus Budget Reconciliation Act of 1990 [OBRA 90] (H.R. 5835, Public Law 101–508, 2 U.S.C. Section 661 et seq.). For direct loans, the budget now shows the estimated expected losses after counting premiums, repayments, default, interest subsidies and other cash flows. For loan guarantees, the budget shows the estimated losses of the government over the life of the loan.

President Bush's budget submission for fiscal year 1992 proposed placing pension and deposit insurance on an accrual basis immediately and phasing in accrual budgeting for the other Federal insurance programs over a 2-year period. Representative Robert H. Michel introduced H.R. 4150 in the 102d Congress at the request of the Bush administration. After it became apparent that the Bush administration intended to use a windfall from the conversion to finance several of its initiatives, the proposal was widely criticized and there was no legislative action on it.

Pursuant to the Chief Financial Officer's Act of 1990, the General Accounting Office [GAO] and the Department of the Treasury

audited prepared, consolidated financial statements that included accrual-type information. For instance, the statements showed the liabilities for Federal retirement benefits as the discounted costs of future benefits net of the Federal Government's contributions for covered employees (Public Law 101–576, 104 Stat. 2838).

Subtitle B—Reports on Long-Term Budgetary Trends

In January 1995, the Bipartisan Commission on Entitlement and Tax Reform released a final report to the President, which included in its recommendations a proposal to require the Congressional Budget Office [CBO] and the Office of Management and Budget [OMB] to periodically provide long-term projections of entitlement spending (*Bipartisan Commission on Entitlement and Tax Reform Final Report to the President,* January 1995, p. 2). Later that year, Senator J. Robert Kerrey introduced S. 823, a bill based on this recommendation. Senator Kerrey's bill would have required the committee report accompanying the budget resolution to include a discussion of the budget resolution's impact on revenue and entitlement spending over a 30-year period. The bill also required the President's budget to include a similar projection as well as generational accounting information on the President's budget submission. No legislative action was taken on Senator Kerrey's bill.

In 1998, the Senate adopted an amendment to the budget resolution for fiscal year 1999 (amendment No. 2237, S. Con. Res. 86)—offered by Senator Frank R. Lautenberg for Senator J. Robert Kerrey. The measure stated, as a sense of the Senate, that the budget resolution and the President's budget should include the following:

> An analysis for the period of 30 years beginning with such fiscal year, of the estimated levels of total budget outlays and total budget authority, the estimated revenues to be received, the estimated surplus or deficit, if any, for each major Federal entitlement program for each fiscal year in such period.

The provision was not included in the conference report.

TITLE VI—BASELINE, BYRD RULE, LOCK-BOX, AND AUTOMATIC CONTINUING RESOLUTION

Subtitle A—The Baseline

According to Professor Timothy J. Muris of George Mason University School of Law, the concept of baseline budgeting was introduced into the budget process by former Senator and Senate Budget Committee Chairman Muskie during the Ford administration. The baseline assumed added importance with the enactment of fixed deficit targets in 1985, because it was used to calculate the amount of any programmatic reductions through the sequestration process. As part of OBRA 90, the law stipulated assumptions that underlie the construction of the baseline used to administer the PAYGO requirements (i.e. the so-called Gramm-Rudman baseline).

In 1993, Representative Jim Ramstad introduced H.R. 323, a bill dealing with baselines. It would have required the President's

budget submission to include comparisons of proposed expenditures and appropriations for the budget year with the prior fiscal year.

The only instance in which there was a full debate on legislation limited to baseline-related issues was in 1994, when the House considered a bill on baselines offered by Representative Spratt (H.R. 4907). Representative Spratt's bill would have added a "current funding baseline" to accompany the existing—and what the bill called "current policy"—baseline. The current funding baseline assumed an adjustment for expiring housing contracts but no adjustments for inflation. The House, however, passed an amendment in the nature of a substitute offered by Representatives Penny, Stenholm, and Kasich. The amendment—which previously had been introduced by the same Members as H.R. 4914 and as part of H.R. 4434—would have, among other things, repealed the automatic adjustment in the caps for changes in inflation and stipulated that the President's current services baseline assume adjustments for inflation.

In 1995, the House defeated a substitute to H.R. 2491 (amendment No. 8, title IV, chapter 2, secs. 14851–14854), the omnibus budget reconciliation bill. The substitute included a chapter on baselines nearly identical to H.R. 4914 which was introduced in the previous year (sponsored by Representatives Penny, Stenholm, and Kasich).

Under the Balanced Budget Act of 1997, the baseline used to enforce PAYGO requirements was amended to permit Congress to specify in any legislation authorizing a program for a finite period whether the extension of the program should be included in the baseline (H.R. 2015, Public Law 105–33, 2 U.S.C. Section 907).

The House-passed budget resolution for fiscal year 1995 included a sense-of-Congress provision on baselines that read as follows (sec. 10, H.Con.Res. 218, H.Rept. 103–428):

> It is the sense of the Congress that——
>
> (1) the President should submit a budget that compares proposed spending levels for the budget year with the current year; and
>
> (2) the starting point for deliberations on a budget resolution should be the current year.

This language was retained in conference (sec. 36, H.Rept. 103–490). Similar language also was included in the House-passed budget resolution for fiscal year 1996, H. Con.Res. 67 (sec. 7, H.Rept. 104–120). This language, too, was retained in the conference report as a sense of the House (sec. 311, H.Rept. 104–159). Similar language was included in the House-passed budget resolution for fiscal year 1997, H. Con.Res. 178, and was retained in the conference report (sec. 401, H.Rept. 104–612). Finally, H. Con.Res. 84, the budget resolution for fiscal year 1998 (sec. 301, H.Rept. 105–100), also included a sense of the House on baselines, which was retained in conference (sec. 308, H.Rept. 105–116).

In 1997, the House defeated a budget enforcement bill offered by Representatives Minge and Barton that, among other provisions, required OMB and CBO to submit baselines for a 10-year period based on common economic assumptions (H.R. 2003).

Subtitle B—The Byrd Rule

The Byrd rule was first applied to Senate-reported reconciliation bills as part of the Consolidated Omnibus Budget Reconciliation Act of 1985 on October 24 (H.R. 3128, Public Law 99–272, 2 U.S.C. Section 644). In December of that same year, it was extended to conference reports as part of S. Res. 286. The rule was further modified by law and Senate resolution by S. Res. 509 in 1986, Public Law 99–509, also in 1986; Public Law 100–119 in 1987; and Public Law 101–508 in 1990.

After witnessing provisions that would have saved more than $41 million struck under threat of the Byrd rule in 1994, then-House Budget Committee Chairman Sabo, introduced a bill exempting conference reports from the Byrd rule (H.R. 4780). Subtitle B of title VI is virtually identical to the bill introduced by Representative Sabo.

Also in 1994, 15 House Committee chairmen petitioned Speaker Tom Foley to urge the Senate majority leader to drop a provision making the Byrd rule permanent in a bill introduced pursuant to the recommendations of the Joint Committee on the Organization of Congress.

Subtitle C—Spending Accountability Lock-Box

Members have been attempting to dedicate the proceeds from floor amendments to deficit reduction for as long as there have been limits on appropriations. One approach has been to offer en bloc amendments that reduce an appropriation for a given program and then appropriate the same amount to an account created for gifts and bequests to the Federal Government.

Two developments in the 103d Congress contributed to subsequent interest in the concept of a lock-box. To retain the support of conservative Democrats for the House-reported reconciliation bill in 1993, a deficit-reduction trust fund was included in the reconciliation bill with the purpose of ensuring that savings from the reconciliation bill were used for deficit reduction. Although this provision was dropped from the conference report, the President established the lock-box by Executive Order 12858. The following year, Representatives Robert E. Andrews and Bill Zeliff introduced a bill that would have reduced the discretionary spending limits by the amount of savings realized from amendments offered on a special legislative session dedicated to that purpose (H.R. 3266). They nearly obtained the sufficient number of sponsors needed to discharge the bill from the Government Operations and Appropriations Committees.

The first attempt to establish a regular procedure to lock in savings from floor amendments for deficit reduction was reflected in H.R. 3145, introduced by Representative Michael D. Crapo. As originally introduced, this bill would have lowered the allocations and aggregates established in the budget resolution by the amount of any floor amendments reducing discretionary appropriations. Similar bills were introduced in the 103d Congress by Representatives Spratt (H.R. 5282) and Charles Schumer (H.R. 4057).

Representatives Kasich, Stenholm, and Penny further developed the lock-box concept in the 103d Congress as part of an omnibus

budget process bill (H.R. 4434, title II). As provided in H.R. 4434, the ability to reduce the allocations and caps by the amount that an amendment reduced an appropriations bill extended to committee markups as well as to floor consideration. Because that bill also provided for the expedited consideration of presidential rescissions, it permitted the President to designate some or all of the savings from a rescission to deficit reduction.

The Line-Item Veto Act (S. 4, Public Law 104–130, 2 U.S.C. Section 691 et seq.) included a provision similar to that of H.R. 4434 in the 103d Congress that would have used both discretionary and mandatory savings from rescissions under the act for deficit reduction. In 1997, the Committee on Ways and Means reported a bill reinstating some of the tax provisions that were previously subjected to a line-item veto without including offsets for the reinstated provisions. This had the effect of superseding the lock-box. At the insistence of the House Budget and Rules Committee Chairmen, however, offsets were included in H.R. 2513, which passed the House on a voice vote. In 1998, the Supreme Court found the Line-Item Veto Act unconstitutional (*Clinton* v. *City of New York,* 524 U.S. 417 (1998)) because it violated the presentment clause, Art. I, §7, cl. 2, of the Constitution.

In response to repeated efforts to add the lock-box to an appropriations bill, the Committee on Rules reported out a simplified lock-box in 1995 (H.R. 1162). The House adopted this version of the lock-box as a freestanding bill by a vote of 364 to 59. In that same year, the House defeated a substitute to a budget reconciliation bill, H.R. 2491, offered by Representative Bill Orton, which included a lock-box (amendment No. 884, sec. 14701). Additionally, the House passed lock-box amendments to three appropriation bills in the 104th and 105th Congresses: H.R. 2127 on August 4, 1995, H.R. 3019 on March 7, 1996, and H.R. 2107 on July 15, 1997.

Interest in the lock-box has been less intense in the Senate. But in the only instance in which an amendment providing for a lock-box was offered to a Senate bill (H.R. 3019 on March 14, 1996), the amendment was killed by a point of order (with supporters of the amendment receiving only 36 of the necessary 60 votes to waive the point of order).

For a more detailed information on the lock-box, see the report accompanying this bill and filed by the Committee on Rules.

Subtitle D—Automatic Continuing Resolution

Continuing resolutions are not new to the Federal Government. More often than not, one or more of the regular appropriations bills are not enacted by October 1—the first day of the fiscal year—and Congress passes a short-term continuing resolution [CR]. Between fiscal years 1952 and 1997, continuing resolutions were enacted for 42 out of the 46 fiscal years. During 17 of these years, none of the 13 regular appropriations bills had been enacted by the beginning of the fiscal year.

In 1997 the Congress passed a supplemental appropriations bill that included a full-year automatic continuing resolution (H.R. 1469), which was added in the House by Representative Gekas. The CR, which was an amendment, was also introduced in the House as H.R. 638, a freestanding bill. The CR would have pro-

vided interim appropriations at 98 percent of the prior year for fiscal year 1998 only. The President vetoed the bill largely on the basis of the CR, noting in part:

> The bill contains a provision that would create an automatic continuing resolution for all of fiscal year 1998. While the goal of ensuring that the government does not shut down again is a worthy one, this provision is ill-advised.

Representative Gekas has been the leading advocate of establishing a regular automatic continuing resolution in the House. In the 104th Congress, he offered the bill, H.R. 4094, a 6-year CR not to exceed 75 percent of the lowest of:

- The prior fiscal year.
- The lower of the House and Senate passed appropriations for the current year.
- The levels proposed in the President's budget.
- The annualized level of interim appropriations for the budget year.

In the 105th Congress, Representative Gekas introduced H.R. 1916, the equivalent to H.R. 4094 and H.R. 638, which provided funding at the prior year's levels and only effective for fiscal year 1997. Representative John E. Peterson also introduced a CR that provided funding at 90 percent of the prior fiscal year (H.R.. 987). Representative Thomas M. Davis similarly introduced a one-time CR for fiscal year 1997 at 100 percent of the prior fiscal year (H.R. 1912).

In the 106th Congress, the Senate Committee on Governmental Affairs has reported a bill, S. 558, that provides for an automatic continuing resolution for 2 fiscal years at the lowest of the prior year's level, the amount in the President's budget requests, or the annualized level for the current fiscal year.

In January of this year, Representative Gekas introduced a bill providing for a continuing resolution for fiscal year 2000 at 100 percent of the rate provided in the prior year (H.R. 142). In the Senate, Senator Rod Grams introduced a similar bill to H.R. 142 (S. 104) and Senator John McCain introduced S. 99, a bill providing for a continuing resolution for fiscal year 2000 at 98 percent of the prior year's rate.

TITLE VII—BUDGETING IN AN ERA OF SURPLUSES

As part of the Omnibus Budget Reconciliation Act of 1990, a pay-as-you-go [PAYGO] requirement was enacted for entitlement and tax legislation (H.R. 5835, sec. 13101, H.Rept. 101–964, Public Law 101–508, 2 U.S.C. 901 et seq.). Under PAYGO, the sum of all tax and entitlement legislation could not increase the deficit in any given fiscal year over a period of 5 fiscal years. In other words, if tax or spending legislation increased the deficit, it had to be offset by the subsequent enactment of legislation increasing taxes or decreasing entitlement spending. If no such offsets were enacted, then certain nonexempt entitlement programs were reduced on a

pro rata basis. PAYGO was originally authorized through fiscal year 1995.

OBRA 90 authorized PAYGO only through fiscal year 1995 because it was seen as a temporary measure to control the deficit. In another round of deficit reduction in 1993, the Omnibus Budget Reconciliation Act of 1993 extended PAYGO through fiscal year 1998 (H.R. 2264, sec. 14003, H.Rept. 103–213, Public Law 103–66).

PAYGO was further extended through fiscal year 2002 as part of the Balanced Budget Act of 1997 (H.R. 2015, sec. 10205, H.Rept. 105–217, Public Law 105–33). At the time, CBO was projecting an on-budget deficit through fiscal year 2002 ($88 billion for fiscal year 2002). Immediately before the vote on the House version of this bill, there was a vote on a freestanding bill that would have augmented PAYGO with caps on entitlements and a discontinuation of some of the tax cuts expected to be in the final reconciliation bill. The House defeated this bill by a vote of 81 to 347.

Over the next year, however, there was an unexpectedly large reduction in the deficit due to a surge in economic growth. Rumors emerged that OMB was prepared to argue that under existing law PAYGO would lapse if there was an on-budget surplus. OMB responded with an ambiguous letter that most interpreted as implying PAYGO would indeed lapse if there was an on-budget surplus by noting the following:

> [W]ithin the administration, we have looked at the question of how the PAYGO provisions would apply in a fiscal year with an on-budget surplus. Since the definition of deficit used by the Balanced Budget and Emergency Deficit Control Act of 1985 is the "on-budget" deficit, excluding the Social Security trust funds and the Postal Service Fund, and since "on-budget" deficits are highly likely through the period covered by the act, the PAYGO provisions will continue to apply.

Against the backdrop of these revised projections, Representatives David Minge, Gary A. Condit, Mark W. Neumann, Martin Frost, and John S. Tanner introduced H.R. 2568 in January 1997. This legislation would have effectively codified OMB's informal interpretation that PAYGO would not apply when there is an on-budget surplus. In years when there was an on-budget deficit, H.R. 2568 would have extended PAYGO through fiscal year 2008. Representatives Minge, Davis, and Bill Luther reintroduced this bill as H.R. 196 on January 6, 1999. Representative Minge introduced another bill that would have also required extending PAYGO through fiscal year 1999, but would have required offsets for PAYGO legislation even when there was an on-budget surplus.

Also introduced in the 105th Congress was the predecessor to this bill, H.R. 4837. Like H.R. 2568 in the 105th Congress (and H.R. 196 in the 106th Congress), it would have effectively allowed the on-budget surplus to be used to finance tax cuts or entitlement initiatives. Unlike these bills, however, it would have required additional offsets if the Congress and the President enacted a bill using the surplus to pay for tax or entitlement legislation and the surplus declines in subsequent projections.

With both OMB and CBO estimating a huge surplus and the fiscal year 2000 budget resolution having assumed a significant tax cut that would be implicitly financed by the surplus, OMB has now reversed itself with its Director contending that they never interpreted the law as requiring PAYGO to lapse if there is an on-budget surplus. In his most recent letter to Representative Spratt, OMB Director Jacob J. Lew noted: "We believe that PAYGO does apply when there is an on-budget surplus."

Senate Budget Committee Chairman Domenici introduced an omnibus budget process bill in 1999 that included a provision that would permit tax cuts and entitlement initiatives to be offset with the on-budget surplus (S. 93, title III). Separately as part of the conference report on the fiscal year 2000 budget resolution, a Senate rule paralleling PAYGO was modified to explicitly permit the on-budget surplus to be used for tax cuts or entitlement initiatives (H.Con.Res. 68). This provision has not yet been reported in either the Senate Governmental Affairs or Budget Committees.

Committee Hearings

TASK FORCE HEARINGS—105TH CONGRESS

For years, House Members complained that the congressional budget process was too complicated, too cumbersome, and too prone to creating conflict. On February 5, 1998, the Budget Committee created a Task Force on Budget Process Reform to address these issues. The Task Force was authorized pursuant to a colloquy between Representative John R. Kasich, chairman of the Budget Committee, and Representative David L. Hobson, then a Budget Committee member. Representative Jim Nussle was appointed as Task Force chairman, and Representative Benjamin L. Cardin as ranking minority member. The other members of the Task Force were Representatives George P. Radanovich, John E. Sununu, Kay Granger, David Minge, and Alan B. Mollohan. Mr. Nussle said the Task Force would hold hearings on the following areas:

- The nature of the budget resolution.
- Baselines and budgetary projections.
- Contingent liabilities.
- Emergencies.
- Budget enforcement.

This legislation—the Comprehensive Budget Process Reform Act of 1999—is a product of the Task Force, working in conjunction with the Committee on Rules. The full Budget Committee held a hearing on the legislation on May 20, 1999, and reported the bill on June 17, 1999.

The first task force hearing was held on March 31, 1998, on the topic of converting the budget resolution into a law. At this hearing, Dr. Roy Meyers, an assistant professor at the University of Maryland, and David Mason of the Heritage Foundation testified in favor of converting the concurrent budget resolution into a joint resolution, which—if signed by the President—would have the force of law. Dr. Allen Schick of the Brookings Institution cautioned, however, that adopting a joint resolution would reduce the ability of Congress to set forth its own distinct budget priorities.

On April 1, the Task Force held a hearing on baselines and budgetary projections. The witnesses included Timothy J. Penny, a former Member of Congress and current co-chairman of the Committee for a Responsible Federal Budget; Paul N. Van de Water, Assistant Director for Budget Analysis, Congressional Budget Office [CBO]; and Timothy J. Muris, Foundation Professor, George Mason University School of Law. Former Representative Penny, who along with Chairman Kasich and Representative Charles W.

Stenholm offered a bill in the 103d Congress to reform the concept of baseline budgeting, testified in favor of eliminating some elements of the baseline and modifying others. Mr. Muris testified in favor of eliminating the baseline altogether, arguing that it does not provide a true measure of the services being provided. In his testimony, Mr. Van de Water defined the concept and evolution of baselines and explained how CBO calculates its baseline.

A third hearing was held April 23 on the budgetary treatment of insurance programs. At that hearing the witnesses included Susan J. Irving, Associate Director for Federal Budget Issues, General Accounting Office [GAO]; Marvin M. Phaup, Deputy Assistant Director, Special Studies Division, CBO; and Rudolph G. Penner, a former Director of CBO. All three witnesses testified in favor of changing the budgetary treatment of Federal insurance programs so that they more accurately reflect the true costs. The witnesses added, however, that the models for estimating risk are not sufficiently developed to immediately integrate accrual measures into the budget.

On June 18, 1998, Task Force Chairman Nussle invited House Members to testify on their own ideas for reforming the budget process. Representatives Cox, Barton, Sabo, Stenholm, and Castle testified before the Task Force. In addition, Representatives Radanovich, Goss, Sam Johnson, and Livingston submitted prepared statements for the record.

A fifth and final hearing, concerning emergencies, was held on June 23. The hearing featured James L. Witt, the Director of the Federal Emergency Management Agency [FEMA]. Director Witt was followed by a panel of experts on the budgetary treatment of emergencies: James L. Blum and Theresa A. Gullo of CBO, and Keith Bea of the Congressional Research Service [CRS].

At the conclusion of these hearings, members of the Task Force worked on comprehensive legislation to reform the budget process. Along with Representative Goss of the Rules Committee, Representatives Nussle and Cardin introduced H.R. 4837 to the Congress on October 14, 1998.

FULL COMMITTEE HEARINGS—106TH CONGRESS

The bill was reintroduced in the 106th Congress as H.R. 853. On May 20, 1999, the full House Budget Committee held a hearing on this legislation, the Comprehensive Budget Process Reform Act of 1999. Three panels of witnesses testified. During the first panel's testimony, Representative Nussle, the chief sponsor of the legislation, gave an overview of the major components of the bill and how it would affect the budget process. Representative Cardin, the main cosponsor of the bill, also testified; he stressed the bipartisan character of the bill, in part noting:

> There is nothing inherently Democratic or Republican, liberal or conservative about supporting a budget process that improves accountability and gives the American people an accurate and clear picture of the Federal budget. Six months of hearings on a wide range of issues was followed by bipartisan consultations and discussion.

In discussing the PAYGO provision, Representative Cardin said it would allow the Congress to work its will without artificial procedural constraints. He further noted that both the President's budget and certain congressional proposals required a change in PAYGO to use projected on-budget surpluses to pay for tax cuts while protecting Social Security.

In response to concerns that a joint resolution would slow the budget process, Representative Cardin argued that the Congress already wastes substantial amounts of time considering appropriations and reconciliation bills that are certain to be vetoed because they are based on a blueprint that the President has little role in shaping.

Representative David Minge also testified in support of the bill during the first panel. He expressed particular support for the reserve fund for emergencies and the shift to accrual budgeting. He admitted to some concern with the PAYGO provision, but noted that the Blue Dog budget also included a change in PAYGO requirements. In support of Representative Cardin's description of the bipartisan nature of the bill, Representative Minge submitted a list of specific provisions that were inserted either to directly benefit Members of the minority or at the request of such Members (Serial No. 106–4, p. 21).

Following the Members' testimony, Jacob J. Lew, Director of the Office of Management and Budget [OMB], presented the administration's view. He testified in opposition to the bill, and in response to a question by Representative Spratt, said he would recommend the President veto the bill. Director Lew appeared to repudiate his predecessor's support for a joint budget resolution. He opposed the codification of a definition for emergencies even though the administration has a similar definition in its directives to agency heads on budget preparation, the automatic continuing resolution, the appropriations lock-box, and the 10-year limitation on authorizations. Mr. Lew's strongest objections, however, focused on the PAYGO title. He also denied that the President's budget required a change in PAYGO or that OMB had previously implied that PAYGO would not apply when there is an on-budget surplus.

The third panel began with a statement by Carol Cox Wait, President of the Committee for a Responsible Federal Budget. She testified strongly in favor of converting the concurrent resolution into a joint resolution. She also supported the reserve fund for emergencies, the automatic continuing resolution, the 10-year limitation on authorizations, and accrual budgeting for Federal insurance programs.

CBO Director Dan L. Crippen discussed how the budget resolution and automatic continuing resolution would change the budget process. Regarding emergencies, Dr. Crippen said: "[T]he codification of an accepted definition of emergency would clearly be an improvement over the current 'anything goes' situation." Dr. Crippen also said the requirement that Congress reauthorize all programs over a 10-year period could support the goals underlying the Government Performance and Results Act of 1993 (Public Law 103–62).

Dr. Rudolph G. Penner, a senior fellow at the Urban Institute and a former Director of CBO, generally supported the bill, particularly the joint resolution and the insurance provisions. He sug-

gested a number of changes intended to improve the incentives in the bill, including reducing the level of the automatic continuing resolution below that of the prior year and holding PAYGO harmless for changes in the surplus due to economic factors.

Robert Greenstein, Executive Director of the Center on Budget and Policy Priorities, opposed most elements of the bill other than the subtitle on accrual budgeting. He argued that the joint resolution would delay the appropriations process, and that discretionary programs would be "squeezed" by the lock-box. Regarding PAYGO, he supported the concept of allowing some of the surplus to be used as an offset for future legislation, but disagreed over the appropriate amount. He also warned that the PAYGO changes could trigger a sequester even though he conceded that Congress would not actually allow a sequester to occur.

Representative Goss, chairman of the Rules Committee's Subcommittee on Legislative and Budget Process, submitted a written statement for the hearing in which he disputed the contention that the budget process wasn't broken and focused on procedural elements of the bill that bring more accountability into the budget process. These provisions included requiring committees to justify any measure that exceeds the budget resolution; requiring programs to be reauthorized every 10 years; repealing a House rule that enables the House to send a bill raising the debt limit to the Senate without having to vote on it; and applying points of order to nonreported bills.

HEARINGS OF OTHER COMMITTEES—106TH CONGRESS

The House Rules Committee held 2 days of hearings on H.R. 853 during the 106th Congress. On May 12, the committee received testimony from three of the bill's sponsors, Representatives Nussle, Cardin, and Minge; the General Accounting Office; the Concord Coalition; and the Center on Budget and Policy Priorities. On May 13, the committee heard testimony from House Members with a continuing interest in budget process reform.

In the Senate, the Budget and Government Affairs Committees held a joint hearing on budget process reform on January 27, 1999. Representatives Nussle and Cardin testified on the subject of H.R. 4837 (the predecessor, in the 105th Congress, to H.R. 853) in light of some of the common elements in that bill and a bill introduced by Senate Budget Committee Chairman Pete Domenici, S. 93. In addition to biennial budgeting, which was not included in H.R. 4837, Senator Domenici's bill provided for an automatic continuing resolution, codified a definition of an emergency, and relaxed PAYGO requirements when there is an on-budget surplus.

Summary of Committee Amendments

AMENDMENT IN THE NATURE OF A SUBSTITUTE

During the Budget Committee's markup of H.R. 853 on June 17, Representative Nussle offered an amendment in the nature of a substitute, which is the base text of the legislation reported by the committee. The amendment made numerous technical and conforming changes to the legislation as introduced. It also made the following substantive changes:

- In title I, the amendment changes the underlying bill's amendment of the Congressional Budget Act by highlighting the specific changes being made, rather than restating large sections of current law. It also adds *interest* as a discrete category to the list of spending categories provided for in the budget resolution. It drops a definition of a presidential veto for congressional purposes because of parliamentarian concerns about current House and Senate precedents relating to presidential vetoes. It also changes a 3-day limit to a 5-day limit in two places providing for an automatic discharge of legislation considered by the Budget Committee: in considering the fall-back concurrent resolution should the original joint resolution on the budget be vetoed; and in considering an emergency exception of spending above the reserve levels.
- In title II, the amendment in the nature of a substitute consolidates the two distinct emergency reserves, for direct spending and for discretionary spending, into a single reserve fund. The reserve fund may be used to adjust both the allocation of discretionary spending for the Appropriations Committee and the allocations of direct spending for the authorization committees. The amendment also requires the President to justify any supplemental or amended budget requests for emergencies on the basis of the definition of emergencies set forth in the bill. Finally the amendment makes various changes in the formula for calculating the amount of outlays to be held in reserve for emergencies.
- There are no significant changes in titles III or V.
- In title IV, the amendment clarifies that the prohibition under section 411(a) of the bill against the consideration of any measure authorizing discretionary appropriations for a program that is authorized for a period in excess of 10 years applies only to "new" programs.
- In title VI, the amendment excludes one-time spending items from the calculation of the continuing resolution spending levels, such as those designated as emergencies under existing law.

- In title VII, the amendment modifies the method by which the on-budget surplus is calculated by changing the assumptions used to project discretionary spending levels.

AMENDMENT TO THE SUBSTITUTE

The committee adopted a second-degree perfecting amendment offered by Mr. Bentsen. It amends section 206 of the bill to require the full committee to determine and certify whether specific provisions in reported bills and joint resolutions are for legitimate emergencies as defined in this bill and interpreted according to the guidelines developed pursuant to the bill and hence eligible for an adjustment in the appropriate committee's 302(a) allocations. In the introduced bill, the authority to make this determination was delegated to the Budget Committee chairman.

Section-By-Section Description

PURPOSES, TABLE OF CONTENTS, AND EFFECTIVE DATES

SECTION 1

Subsection (a) cites the bill as the "Comprehensive Budget Process Reform Act of 1999."

Subsection (b) sets forth the table of contents for the act.

SECTION 2

Section 2 sets forth seven purposes of the act, each corresponding to the seven purposes of the bill:

- Give the budget the force of law.
- Budget for emergencies.
- Strengthen enforcement of budgetary decision.
- Increase accountability for Federal spending.
- Display the unfunded liabilities of Federal insurance programs.
- Mitigate the bias in the budget process toward higher spending.
- Modify requirements when there is an on-budget surplus.

SECTION 3

Section 3 makes all sections of the bill effective on enactment but specifies that it will first apply to fiscal year 2001. Exceptions are provided for title II—which is not effective until sections 251 and 252 of the Deficit Control Act are amended in subsequent legislation—and Subtitle A of title V, which is phased in over a 6-year period.

SECTION 4

Section 4 changes the purposes of the Congressional Budget Act of 1974 set forth in section 2 of the act to emphasize the enhanced role of the President in the budget process. The first two paragraphs of section 2 are changed from assuring "effective congressional control over the budget process" and providing for the "congressional determination each year of the appropriate level of Federal revenues and expenditures" to assuring "effective control over the budgetary process" and facilitating the "determination each year of the appropriate level of Federal revenues and expenditures by the Congress and the President."

TITLE I—BUDGET WITH FORCE OF LAW

SECTION 101

Section 101 states that the purposes of this title are to focus the initial deliberation of the budget process on aggregate levels of Federal spending and taxation, encourage cooperation between the President and Congress in developing budgetary priorities, and reach budgetary decisions early in the budget cycle.

SECTION 102

Section 102 restates the timetable for the congressional budget process set forth in section 300 of the Budget Act. The only material change in the timetable is the elimination of the date at which the Committee on Appropriations can report a bill in the absence of a budget resolution without violating section 303(a) of the Budget Act (see section 104).

No changes are made in the deadline for submission of the President's budget or the completion of congressional action on the budget resolution, appropriation bills, or any reconciliation bill. Under this timetable the Congress is still expected to complete action on the budget resolution by April 15—a deadline it has failed to meet in the past. With the budget resolution now being sent to the President, the committee believes that it is imperative that the Congress redouble its efforts to reach an agreement early in the budget cycle. If Congress adheres to this schedule, there should be ample time for Congress to respond to a vetoed resolution—through an override attempt or by passing a concurrent resolution—before the House Appropriations Committee is scheduled to begin to report appropriation bills (the last of which is to be reported in the House by June 10).

SECTION 103

Subsection (a) amends 301(a) of the Budget Act to convert the existing concurrent resolution on the budget into a joint resolution on the budget. Subsection (a) simplifies the content of the budget resolution by replacing the 20 budget functional categories of spending with the following broad categories of Federal spending: total discretionary, with subtotals for defense, nondefense, and emergencies; and total direct spending. The committee notes that the aggregates are not automatically subject to sequestration and in no way revise or supersede the levels of the discretionary spending limits set forth in section 251 of the Balanced Budget and Emergency Deficit Control Act, (including those for highways and mass transit). Separate legislation, whether as part of a reconciliation bill or other freestanding bill, would need to be enacted in order to enforce these levels with sequestration.

As amended by subsection (a), section 301(a) of the Budget Act would still retain in the budget resolution aggregate levels for spending, revenue, surpluses or deficits, interest, public debt, as well as the assumed change in revenue. For the Senate, totals are retained for Social Security (outlays and revenue) to enforce points of order.

Subsection (b) amends section 301(b) of the Budget Act to revise the list of optional items in the budget resolution. It eliminates the reconciliation directives, which will be included in the report accompanying the budget resolution; the levels of direct loan obligations and primary loan guarantees commitments, which are obsolete under the Credit Reform Act of 1990; and the display of retirement trust fund balances.

Subsection (b) also permits the budget resolution to include legislation increasing the debt limit in the budget resolution. The committee believes it is appropriate for the budget resolution to increase the debt limit because the amount the Federal Government borrows is largely a function of the spending and revenue levels set forth in the budget resolution. Any increase in the debt limit, however, may only be incorporated in the budget resolution if the Committee on Ways and Means submits it for this purpose. This provision has no effect on the Committee on Ways and Means' jurisdiction over the debt limit and does not imply that the Senate can originate a bill changing the debt limit.

Finally, subsection (b) retains, as optional elements of the budget resolution, provisions relating to delayed enrollment, the debt increase as a measure of the deficit, and Senate reserve funds. It also narrows the scope of the so-called elastic clause to limit it to congressional procedures relating to the budget, such as reserve funds that provide for automatic adjustments in the allocations and aggregates for specified legislation.

As amended by the bill, the Rules Committee would continue to receive referrals of any budget resolution that changes House rules and procedures and committees would still be required to submit to the Budget Committee their views and estimates on the President's budget.

Subsection (c) changes the required elements of the report under section 301(e)(2) of the Budget Act. It requires the report to include the function-level display that was previously included in the legislative text of the budget resolution. It also requires the report to include the following budget totals as a percentage of GDP: revenues, surplus or deficit, total spending, defense discretionary spending, nondefense discretionary spending, and direct spending. Finally, it requires the Budget Committee to justify an allocation of new budget authority that is not subject to annual appropriations.

Subsection (c) also retains such existing mandatory elements of the budget resolution such as the 302(a) allocations, various comparisons between the budget resolution and the President's budget submission, and underlying economic assumptions.

Subsection (d) makes several changes in the optional elements in the report accompanying the budget resolution. Most important, it permits the inclusion of the reconciliation instructions that were previously included in the legislative text of the budget resolution. These instructions are moved to the report to preserve congressional prerogatives to decide which committees are reconciled for assumed spending and revenue initiatives.

Subsection (e) generally requires the President's budget submission to include the same totals, other than any proposed revenue

change, as is required for the joint budget resolution under subsection (a).

Subsection (f) amends section 305 of the Budget Act to strictly limit the elements of the budget resolution to those items set forth in subsection (a). Any budget resolution containing any other matter would be subject to point of order and not be privileged as a budget resolution in the House or Senate. Moreover, the bill would not be accorded the protection from amendments and filibuster that is provided to reconciliation measures in the Senate. The intent of this subsection is to preclude extraneous measures from being appended to the budget resolution.

SECTION 104

Subsection (a) repeals Section 302(a)(5) of the Budget Act that requires the Budget Committee chairman to provide an allocation to the Appropriations Committee should the budget resolution not be adopted by April 15.

Subsection (b)(2) repeals a similar exception under section 302(g) and thus strengthens the prohibition against considering tax or spending bills before Congress has agreed to a budget resolution.

Subsection (b)(3) increases the threshold in the Senate for waiving both the requirement that the budget resolution be in place prior to considering tax and spending bills and that non germane amendments not be entertained from a simple majority to three-fifths (both for waiving the point of order and appealing the ruling of the Chair). The committee believes this will increase pressure on the Congress to pass a budget resolution and avoid the kind of stalemate that occurred in the second session of the 105th Congress.

Subsection (c)(1) adds a new section 316 to the Congressional Budget Act.

- Section 316(a) of the Budget Act as amended establishes expedited procedures for considering a concurrent budget resolution if the Congress and President are unable to agree to a joint budget resolution. In the event the joint budget resolution is vetoed and the veto is not overridden, the Congress may consider a concurrent budget resolution under expedited procedures. The Budget Committee has 5 days after the joint resolution is vetoed to act on a concurrent resolution at the same, or revised, levels. If the budget resolution is not reported within 5 legislative days, then the committee is discharged and the bill is placed on the appropriate calendar.
- Section 316(b) of the Budget Act as amended applies the same procedures for considering a concurrent resolution as apply to consideration of the joint resolution. The bill does not provide expedited floor procedures for the House because such procedures can be constructed by the House resolution providing the consideration of the bill.
- Section 316(c) and (d) of the Budget Act as amended also provides that a fallback concurrent budget resolution would be treated as a joint resolution for most congressional purposes: the levels established by the concurrent budget resolution would be enforceable through points of order under the Budget Act; the allo-

cations would provide binding limits on the amount of new budget authority available to the Appropriations and authorizing committees; and any reconciliation targets would be binding on the authorizing committees and that the resulting reconciliation bill would be not be subject to filibuster or unlimited amendments in the Senate.

Subsection 104(c)(2) amends the table of contents to reflect the fallback concurrent budget resolution.

SECTION 105

Subsection (a) conforms various sections of the Budget Act to facilitate the conversion of the concurrent budget resolution to a joint resolution.

Subsection (b) makes the necessary conforming changes in the Rules of the House to accommodate a joint budget resolution.

Subsection (c) modifies the special reconciliation process for considering a reconciliation bill in order to prevent a PAYGO sequester under section 258C of the Balanced Budget and Emergency Deficit Control Act of 1985, so that it is triggered by a joint rather than a concurrent budget resolution.

Subsection (d) modifies the reconciliation procedures under section 310 of the Budget Act so that they are triggered by the reconciliation instructions in the joint statement of managers accompanying the conference report on the joint budget resolution rather than in the actual conference report as under current law.

Subsection (e) takes the definition of "direct spending" set forth in section 250(c)(8) of the Deficit Control Act and defines it in section 3(11) of the Budget Act for purposes of the 10-year authorization requirements set forth in section 411 and 421 of the bill.

Subsection (f) amends section 314(d) of the Budget Act to require the Appropriations Committee to adjust its 302(b) allocations if the Budget Committee adjusts its 302(b) allocation. Subsection (f) also deems the adjustments in the 302(b) allocations to be automatic so that Members can offer amendments to such provisions without points of order being raised because the Appropriations Committee has not made the required adjustments.

TITLE II—RESERVE FUNDS FOR EMERGENCIES

SECTION 201

Section 201 states that the purposes of title II are to develop budgetary and fiscal procedures for emergencies, subject spending for emergencies to budgetary procedures and fiscal controls, and establish criteria for determining compliance with emergency requirements.

SECTION 202

Section 202 repeals the existing procedures for automatically increasing the aggregates and allocations in the budget resolution and accompanying report and the discretionary spending limits under the Deficit Control Act, as well as exempting from PAYGO requirements, legislation that designates an amount or provision as an emergency.

Subsection (a) repeals the automatic adjustment in the discretionary spending limits for amounts designated for emergencies pursuant to section 251(b)(2) of the Deficit Control Act.

Subsection (b) similarly repeals the exemption from PAYGO requirements for direct spending provisions that are designated as emergencies under section 252(e) of the Deficit Control Act.

Subsection (c) repeals clause (2) of House rule XXI, which prohibits the consideration of reported bills that commingle emergency and nonemergency appropriations. The committee believes this restriction is unnecessary if emergencies are being budgeted for in advance, pursuant to the procedures set forth in title II of the bill. Presumably the Appropriations Committee will be more inclined to provide for emergencies in regular appropriation bills if such amounts are no longer effectively exempt from the 302(a) allocations and discretionary spending limits.

Subsection (d) repeals the automatic adjustment in the budget resolution's aggregates and 302(a) allocations for amounts or provisions designated for an emergency under section 314 of the Budget Act.

SECTION 203

Section 203 defines "emergency" in Section 3 of the Budget Act for purposes of the emergency procedures and reserve fund set forth in this title. The definition is adapted from an OMB report titled "Report on the Costs of Domestic and International Emergencies" and on the "Threats Posed by the Kuwaiti Oil Fires." Borrowing from proposed amendments to the U.S. Constitution to require a balanced budget, the definition was modified to include military conflicts. Under the modified definition, for an appropriations item to qualify for an adjustment in the budget resolution allocations, the situation for which the appropriation is provided must be severe, unanticipated, and require additional funding. An emergency is specifically defined as an unanticipated emergency with the term "emergency" defined as:

> a situation that requires new budget authority and outlays (or new budget authority and outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security.

The section further defines "unanticipated" as an underlying situation that is:

- sudden, which means quickly coming into being or not building up over time.
- urgent, which means pressing, compelling, or requiring immediate action.
- unforeseen, which means not predicted or anticipated as an emerging need.
- temporary, which means not of permanent duration.

This definition will provide the basis for developing objective criteria for determining whether an emergency exists for purposes of adjusting the aggregates and allocations in the budget resolution. The purpose of this definition is to provide a basis for establishing

clear guidelines to determine whether an appropriated item is a legitimate emergency. At the same time the definition should provide sufficient flexibility to respond to the full range of natural disasters and threats to national security, as well as a financial crisis along the lines of the savings and loan crisis of the late 1980's.

The committee intends for the definition to cover a full range of emergencies, including natural disasters, other domestic emergencies, economic crises, and military conflicts.

SECTION 204

Because the definition is necessarily broad to accommodate a wide range of situations that are inherently unpredictable, section 204 directs the House and Senate Budget Committee chairmen to develop guidelines to be used in order to apply the definition to specific situations. For example, the guidelines might provide that in order to qualify as "unforeseen" the funding request must not have been public knowledge when an appropriations measure was passed for the relevant fiscal year. The Budget Committee chairmen are directed to consult with the chairmen of the Appropriations Committees, the authorizing committees and OMB.

These guidelines must be printed in the Congressional Record within 5 months. In developing these guidelines, the committee may consider such factors as the estimated spendout rate for the budget authority provided by the measures in question with the assumption that most emergency assistance will be consumed within a relatively short timespan.

SECTION 205

Section 205 amends the budget submission requirements in section 1105 of the title 31, United States Code, by requiring the President to include in his budget submission an amount for emergencies. As described in subsection 206, the amount must be at least equal to the historical average of amounts provided for emergencies and must be included under, or subject to, the discretionary spending limits or PAYGO requirements. The President is also required to justify in any budget submission or request that the purpose for the spending fits within definition of an emergency. The committee anticipates that this requirement will be reflected in the administration's directives to the agencies on the preparation of amended and supplemental budget requests.

SECTION 206

Subsection (a) adds a new Section 317 to the Congressional Budget Act.

- Section 317(a) of the Budget Act, as amended, sets forth the procedures for adjusting the allocations for committees that report bills providing amounts for emergencies. After a bill is reported that provides an amount for emergencies, the Budget Committee is required to determine and certify any provision or amount of a reported bill that is for an emergency as defined in this act and interpreted according to the guidelines issued pursuant the act. The Budget Committee chairmen are required to adjust the appropriate 302(a) allocation by this amount. Although it is antici-

pated that the adjustments would be for the Appropriations Committee, the adjustment could be made to an authorizing committee for legislation providing mandatory spending authority. No adjustments are made in the aggregate levels because they already assume the amounts held in reserve for emergencies.

- Section 317(b)(1) of the Budget Act as amended sets forth the formula for determining the amount included in the reserve fund. This amount in the reserve fund, which is initially withheld from the allocations, is equal to the average of the:

  enacted levels of budget authority for emergencies in the 5 fiscal years preceding the current year; and

  the average of new outlays for emergencies in those 5 preceding years that flow from the budget authority provided above but only for the first year in which it is available for obligation.

- Section 317(b)(2) of the Budget Act, as amended, clarifies how the reserve fund amount will be computed for any fiscal year in which the preceding 5 years includes one or more of fiscal years 1994 through 1998. It also specifies that within 6 months after the enactment of this act and every February thereafter, CBO will transmit a report to assist the Budget Committees to determine what amounts should be included for purposes of calculating the average. The CBO Director is required to calculate the 5-year rolling average. The committee expects CBO to use the following formula when calculating the average for such a fiscal year.

  1. The amount appropriated with an emergency designation for emergencies for those years (less any amounts for emergency designations that do not meet the definition as set forth in section 203).

  2. New outlays flowing from (1).

  3. The amount appropriated for emergencies without an emergency designation (including firefighting).

  4. Outlays flowing from (3).

  5. Outlays flowing from amounts appropriated for items corresponding to (1) but which were appropriated before the Budget Enforcement Act of 1990 instituted the emergency designation process.

  According to a preliminary estimate by committee staff, the historical average for fiscal years 1995 through 2000 is $8.9 billion in budget authority and $5.8 billion in outlays.

- Section 317(c) of the Budget Act, as amended, also establishes the procedures for adjusting the allocations for bills that are within the emergency reserve. If the bill is reported by the Appropriations Committee, the chairman may make the adjustment only for the budget year (the only year for which an allocation is made for discretionary spending). If the bill is reported by an authorizing committee, then the adjustment is made for the budget year and the total of the first 5 fiscal years.

Section 317(c) of the Budget Act, as amended, also establishes special procedures for holding the discretionary limits harmless for dire emergencies once the reserve fund is exhausted. The committee recognizes that there may be years that exceed the average for the emergencies contemplated in this title or for extraordinary circumstances when a natural disaster, financial crisis, or international incident would require appropriations in excess of the reserve. In such cases, the bill providing the necessary funds would be referred to the Budget Committee. The Budget Committee would have 5 days to decide to offer an amendment exempting some or the entire amount identified for emergencies from the budget resolution and any statutory controls over the budget. The Budget Committee is prohibited from making any other substantive changes in the bill.

If a bill is reported by the Budget Committee with an exemption for an amount in excess of the reserve fund, then such amounts are not counted for purposes of determining whether the bill or joint resolution breaches the budget resolution's aggregates or the appropriate committee's 302(a) allocation.

- Section 317(d) of the Budget Act as amended requires the Appropriations Committee, or relevant authorization committee, to identify any amounts provided for an emergency in the accompanying report since the committee would no longer designate the appropriations item as emergencies in the legislative text. It is largely on the basis of the information provided as part of this notification that the Budget Committee will evaluate whether appropriated items meet the definition set forth in section 203.

In the event a measure is considered that is under the amount in the reserve for budget authority but not outlays, the full committee will first determine the amount of the average in budget authority that will be exempt from all applicable limits. The chairman will then make the corresponding adjustment in outlays. The reverse would also be true if a bill was over in budget authority and under in outlays.

SECTION 207

Section 207 amends section 306 of the Budget Act, which prohibits the consideration of any measure within the Budget Committee's jurisdiction not reported from the committee. The section prohibits amendments from changing the amount exempted from the discretionary spending limits or PAYGO requirements. Such amendments might conceivably increase or decrease the amount designated as an emergency. These amendments are prohibited to ensure that the exemption is made on an objective basis and not subject to the political pressures that would otherwise be exerted in the amendment process.

SECTION 208

Section 208 amends section 308(b)(2) of the Budget Act to require the Budget Committee to include in its monthly scorekeeping reports, the balance remaining in the emergency reserve fund.

SECTION 209

Section 209 amends section 305 of the Budget Act to prohibit the consideration of any amendment to a joint resolution that would reduce the amount in the emergency reserve fund below the historical average as estimated by the Congressional Budget Office. This prohibition is enforced by a point of order that can be waived by a simple majority in the House and a three-fifths supermajority in the Senate. The purpose of this requirement is to ensure that the amount in the reserve fund is determined by objective, formulaic factors and not used as a means to reduce the overall level of discretionary spending.

SECTION 210

Because the Congress is well into the budget cycle for fiscal year 2000, section 210 makes title II first effective for fiscal year 2001. Moreover, this title is not effective until legislation has been enacted to modify the discretionary spending limits and PAYGO requirements. The committee notes that because the discretionary spending limits were set at levels that assume a certain amount of spending above these limits for emergencies, several members have indicated it may be appropriate to adjust the limits some or all of the amount of emergency spending that would now be subject to those limits. In order to extend the reserve fund to mandatory spending controlled by the authorizing committees, the appropriate amount could be credited to the PAYGO scorecard.

TITLE III-ENFORCEMENT OF BUDGETARY DECISIONS

SECTION 301

Section 301 states that the purposes of title III are to close loopholes in the enforcement of the budget resolution, require committees of the House of Representatives to include budget compliance statements in reports accompanying all legislation, require committees to justify the need for Budget Act waivers, and provide cost estimates for conference reports.

SECTION 311

Subsection (a) amends section 315 of the Budget Act to extend restrictions on considering tax and spending bills before the budget resolution is adopted and points of order against bills that breach the levels in the budget resolution to nonreported bills. Under the current law, these restrictions apply in the House only to *reported* bills, amendments, conference reports, and motions to recommit.

Subsection (b) amends section 303(b) of the Budget Act by eliminating the exception for considering certain revenue bills before the budget resolution is enacted or a concurrent budget resolution is agreed upon.

Subtitle B—Compliance with Budget resolution

SECTION 321

Section 321 amends clause 3(d) of rule XIII to require all committees reporting a bill or joint resolution to include a statement from

the chairman of the Budget Committee, if he submits such a statement to the committee, on whether the bill complies with the budget resolution. The statement is similar to letters that chairmen of the House Budget Committee routinely sent to the Rules Committee before it meets to consider a rule providing for the consideration of a bill that violates the Congressional Budget Act.

The statement must identify whether the bill breaches the relevant committee's allocation or the ceiling on total spending authority or reduces revenue below the revenue floor.

The statement may also include a discussion of the budgetary implications of a bill, the discretionary spending limits, or PAYGO requirements. Occasionally a bill may be in compliance with the Budget Act but have the potential to trigger a sequester for increasing the deficit. For example, a bill increasing budget authority may be within the levels assumed in the reporting committee's allocation for the first year and the 5-year total, and hence in compliance with the Budget Act, but capable of triggering a PAYGO sequester because it increases the deficit in the second year.

Subtitle C—Justification for Budget Act Waivers

SECTION 331

Section 331 amends clause 6 of rule XIII to prohibit the House from considering any rule, in the form of a House resolution, that waives sections 302(f), 303(a), 311(a), or 401 of the Budget Act unless the report accompanying the resolution includes a description of the provision being waived, reasons why the waiver is appropriate, and the estimated cost of the provisions for which the waiver is provided. The requirement is enforced by a point of order that would preclude House consideration of the House resolution providing for the consideration of the bill in question.

Subtitle D—CBO Scoring of Conference Reports

SECTION 341

Subsection (a) amends section 402 of the Budget Act to direct CBO to prepare cost estimates, when practicable, for all conference reports.

Subsection (b) further amends section 401 of the Budget Act to require the statement of managers accompanying any such conference report for a bill or joint resolution to include the estimate required under subsection (a).

TITLE IV—ACCOUNTABILITY FOR FEDERAL SPENDING

SECTION 401

Section 401 states that the purposes of this title are to encourage reauthorization of all programs, permit amendments to subject new entitlement programs to annual appropriations, justify allocations that bypass the appropriations process, direct CBO to provide cost estimates for conference reports, and to require a vote on any legislation that increases the limit on the statutory debt.

Subtitle A—Limitations on Direct Spending

SECTION 411

Subsection (a) replaces the existing restrictions on mandatory spending under section 401 of the Budget Act with a restriction against consideration of legislation in the House and Senate that provides direct spending for a new program, project, or activity unless the spending authority is limited to a period of 10 or fewer years. It is enforced by a point of order that may be raised against any bill or joint resolution, amendment, or conference report that authorizes a direct spending program for a period of greater than 10 years.

The point of order applies only to "new" programs. It neither applies to expansions in existing programs nor the underlying programs that may be subject to amendment. The committee does not intend for the exception for new programs to provide a loophole for fundamentally new programs that are grafting new direct spending programs into existing programs. Therefore, the burden falls on the proponents of a bill or amendment that is subject to the point of order to show that it does not create a new entitlement.

In applying this point of order, it is essential to determine whether a program is "new" or simply a change in an existing one. Such a determination is made by assessing the qualities and nature of the legislative language, rather than any baseline projections.

A program is new if it meets any of the following three criteria:

- It has a fundamental purpose that is distinct from an existing program.
- It has a substantially different method by which a fundamental purpose is carried out or administered.
- It serves a class of persons or entities distinct from the existing program to which the authorizing language may be appended.

Fundamental Purpose: If a program has a fundamental purpose which is distinct from any other program, and does not relate to an existing program, then it would be considered new. In determining the fundamental purpose of authorizing language, the broad scope and the stated purpose of the language are indicative, and ancillary purposes merely suggested by the language need not be determinative. Authorizing language which would amend an existing program to such an extent as to change its fundamental purpose would also be considered new. This might include broadening a very specific purpose to a more general one. Expanding on the fundamental purpose, such as offering additional services, does not constitute a change in purpose, and hence language which might offer a new benefit, if it is related to the fundamental purpose of an existing program would not be considered a new program.

Substantially Different Method: Authorizing language which may have a similar fundamental purpose as an existing program, but contemplates a method of accomplishing that end that is not closely similar to the existing program, then that authorization would be considered as creating a new program. For instance, under the existing Medicare program, expenses for prescription

drugs are not now provided for in the overall benefit for senior Americans. Legislation that would expand the basic Medicare benefit to include prescription drugs would serve the same fundamental purpose as the existing Medicare program because it is a related facet of the health care coverage benefit.

If an existing program has a fundamental purpose which is broad in scope and has a general method of achieving that purpose, and authorizing language is included in a modification or reform of the program which proposes to achieve the same end through a related but more specific method, then the authorizing language would not be considered to have created a new program. The reverse would not be the case, a program which has a very specific method of achieving its fundamental purpose which would be reformed by providing a related but more general method would be considered to be creating a new program.

Distinct Class of Persons or Entities: A program may have a fundamental purpose to assist a class. A class may be made up of persons or entities, the latter having a broad range of possibilities like local governments, States, corporations, nonprofit groups, or schools. A class may be defined as any identifiable group that relates to the fundamental purpose of a program. If the fundamental purpose seeks to achieve the policy goal by benefitting or serving an identifiable group, then that group would constitute a class. When authorizing language has the same fundamental purpose as an existing program, and would use the same method of achieving that purpose, but would serve a wholly new class, then that authorizing language would be considered to create a new program. However, authorizing language that provides for additional benefits or services to a more specific group that is substantially within the class, then that would not constitute a new program. Authorizing language which provides for a substantially broader class, even though wholly including the existing program class, would also be considered to create a new program.

Subsection (b) amends the table of contents in section 9(b) of the Budget Act to reflect the point of order for fixed-year authorizations.

Subsection (c) adds a new clause to House Rule XXI to prohibit the consideration of legislation that authorizes the appropriation of new budget authority for a new program unless the authorization is limited to a period of 10 of fewer fiscal years. The prohibition is enforceable with a point of order that can be raised against any bill, joint resolution, amendment or conference report which is authorized indefinitely or for a period in excess of 10 years.

SECTION 412

Subsection (a) amends clause 5 of rule XVIII to prohibit any House resolution from waiving the right of the Appropriations and Budget committee chairmen in the committee to offer an amendment in the Committee of the Whole to subject a new program to annual appropriations unless the resolution specifically waives section 4 of House Rule XXIII as amended by this act. As in section 411 of the bill, the authority to offer such an amendment under

this section is limited to new programs. The amendment is debatable for 20 minutes.

Subsection (b) amends Title 2, U.S. Code, Section 902 (Section 252 of the Deficit Control Act) and Title 2, U.S. Code, Section 645 (Section 314(b) of the Budget Act) to establish a procedure for holding the limits on discretionary spending and the appropriate levels in the budget resolution for any new discretionary program that is offset with reductions in mandatory savings. As part of the amendment under subsection (a), the amendment may designate a portion of the reduction in direct spending as an offset to an authorization of discretionary appropriations for a new program. If such an amendment is agreed to and the bill is enacted, then the discretionary spending limits and the appropriate allocations in the budget resolution are adjusted by the amount provided for the specified program but not to exceed the amount of designated offsets in the first fiscal year. In the outyears, the discretionary spending limits are simply increased by the amount of the mandatory offset. Further, savings from such mandatory offsets are not credited against PAYGO. On a comparable basis, the Budget Committee chairman is directed to reduce the allocations of the reporting committee by the amount of the designated offset.

The intent of this provision is to remove several disincentives for subjecting programs to annual appropriations. First, the Appropriations Committee is held harmless for the new programs because they are not forced to underfund existing priorities for any new discretionary programs. Moreover in the outyears the Appropriations Committee is free to use the additional funds for whatever program it deems necessary. Second, the authorizing committees are given some assurance that the Appropriations Committee will fund the new discretionary programs because in the first year the caps are increased by the amount that is actually appropriated for the specified programs.

Nothing in the section is to be construed as changing the exemption found in the Deficit Control Act for any program not currently subject to the budget resolution, discretionary spending limits or PAYGO requirements. In the event a mandatory program that currently is exempt from PAYGO requirements is subjected to discretionary appropriations by a subsequent law, the Committee believes that such a law should also exempt the new discretionary program from the discretionary spending limits.

Subtitle B—Enhanced Congressional Oversight Responsibilities

SECTION 421

Subsection (a) amends clause 2(d)(1) of rule X to require all committees to include in their oversight plans a timetable for reauthorizing all laws, programs, or agencies within its jurisdiction. The timetable applies to both mandatory and discretionary programs. The intent of this requirement is to build into House rules the presumption that programs should be reauthorized and to encourage committees to systematically review all programs as they carry out their oversight responsibilities.

The committee notes that this requirement does not automatically terminate or sunset the authorization of any programs that are included in any oversight schedule submitted pursuant to this section. Nor does this specifically terminate the authorization of any program that is not reauthorized according to the oversight schedule. Furthermore, the committee expects there will be times when it may be appropriate for the House to waive the requirement for reauthorizing certain programs that by their very nature must be permanent.

Subsection (b) amends clause 4(a) of House Rule X, which requires the Appropriations Committee to study provisions of law that provide spending authority or permanent budget authority and from time to time report its recommendations for terminating or modifying such provisions. The subsection amends House Rule X to require the report be submitted at least once each Congress.

Subsection (c) amends the requirement that standing committees review whether mandatory programs within their jurisdiction should be subjected to annual appropriations under Clause 4(e)(2) of House Rule X to require that such review be undertaken at least every 10 years.

SECTION 422

Subsection (a) amends section 302(a) of the Budget Act to require the joint statement accompanying a budget resolution to justify any allocation of mandatory spending authority.

Similarly subsection (b) amends 1105(a) of Title 31 of the United States Code to require the President to include a justification for any budget that requests funding for a new program, project, or activity that is not subject to discretionary appropriations.

Finally, subsection (c) amends clause 4(e)(2) of rule X to require any committee that reports a bill providing budget authority not subject to annual appropriation to include a similar justification to that required under subsections (a) and (b).

SECTION 423

Section 423 amends clause 1(d) of rule XI to require committees to include in their activity reports, which are filed at the conclusion of each Congress, a summary of all bills reported by that committee that were considered before the budget resolution was agreed to, in excess of the allocations or aggregates, or provided direct spending for a new program, project, or activity for which the authorization was not limited to a period of 10 or fewer years under sections 303(a), 302(a), 311(a), and 401(a) of the Budget Act, respectively. The reports must also specify the total amount by which legislation reported by such committees exceeded their allocations or aggregates.

SECTION 424

Section 424 amends section 703 of the Budget Act, which is a standing requirement for the Budget Committee to study and report to the Congress proposals to limit program authorizations. Section 424 requires such a report to be submitted during the 106th Congress. In addition to the existing requirement that it es-

tablish maximum and minimum time limitations for program authorizations, section 424 also requires the Budget Committees to report guidelines for evaluating whether existing programs should be subject to annual appropriations and any recommended changes in budget control mechanisms or scorekeeping conventions to facilitate such conversions.

SECTION 425

Section 425 amends section 404 of the Budget Act to require GAO to submit once every 5 years a report on programs, projects, and activities with permanent appropriations or which otherwise are not subject to annual appropriations. Currently the frequency of such reports is at GAO's discretion.

Subtitle C—Strengthened Accountability

SECTION 431

Subsection (a) amends section 308(a)(1)(B) to require committees to include in the reports accompanying each reported bill or joint resolution a cost estimate prepared by CBO that covers a period of 10 fiscal years.

Subsection (b) amends section 402(1) of the Budget Act to require CBO to prepare a cost estimate for each reported bill or resolution covering a period of 10 fiscal years.

Subsection (c) amends clause 3(d)(2)(A) of House Rule XIII to require each report to include a cost estimate that covers a period of 10 fiscal years.

The Committee does not intend to automatically enforce these estimates under sections 302(f) or 311(a) of the Budget Act. Nor does it intend to adjust the Senate's 10-year point of order set forth in section 207 of H.Con.Res. 68 (H.Rept 106–91). These estimates are intended solely for display purposes. The committee will evaluate the accuracy of these estimates and determine whether they should be subject to points of order at a subsequent date.

SECTION 432

Section 432 repeals House Rule XXIII which enables the House to pass a bill increasing the statutory limit on the public debt without a recorded vote. Rule XXIII directs the Clerk of the House to engross a bill increasing the debt limit upon the passage of the budget resolution in the House. It further provides that the vote on the budget resolution is deemed a vote on the bill increasing the debt limit. The bill does not extend the Senate's 10-year point of order to the House or modify the existing points of order under Sections 302(f) and 311(a) of the Budget Act.

TITLE V—BUDGETING FOR UNFUNDED LIABILITIES AND OTHER LONG-TERM OBLIGATIONS

SECTION 501

Section 501 states that the purposes of this title are to require that the Federal Government budget for the long-term costs of Federal insurance programs, improve congressional control over un-

funded liabilities for those insurance programs, and provide information on the long-term budgetary trends.

Subtitle A—Budgetary Treatment of Federal Insurance Programs

SECTION 511

Consistent with the Credit Reform Act of 1990, which was codified as title V of the Budget Act, the insurance subtitle is added as a new title VI to that act. Subsequent references are to the proposed section in title VI of the Budget Act.

- Section 601 of the Budget Act, as amended, cites this title as the "Federal Insurance Budgeting Act of 1999".
- Section 602(a) of the Budget Act, as amended, requires the President's budget submission as required under Section 1105(a) of Title 31 of the United States Code include the risk-assumed cost of Federal insurance programs beginning in fiscal year 2006.
- Section 602(b) of the Budget Act, as amended, establishes the accounting system for the transactions of Federal insurance programs once risk-assumed budgeting is fully adopted. A program account pays both the risk-assumed costs borne by the taxpayer to the financing account and the administrative costs of the insurance program. The financing account receives premium and other income, pays out all claims for insurance and receives all recoveries, and transfers to the program account payment for administrative costs. Any negative risk-assumed costs are transferred from the financing account to the program account and then to the general fund. Payments by or receipts of the financing accounts are treated as a means of financing.
- Section 602(c) of the Budget Act, as amended, provides that additional commitments for insurance programs after fiscal year 2006 may only be made if the full risk-assumed cost is appropriated in advance by an appropriations Act. Further, the budget authority for any action that increases the risk-assumed cost of outstanding commitments must be provided in advance.
- Section 602(d) of the Budget Act, as amended, provides for reestimates on an annual basis. If the reestimates are positive, then an amount is automatically paid from the program account to the financing account. If it is negative, then the amount is paid from the financing account to the program account, which is then transferred from the program account to the general fund.
- Section 602(e) of the Budget Act, as amended, provides that program account payments for administrative costs shall be readily identifiable in the budget.
- Section 603(a) of the Budget Act, as amended, establishes the timetable for the implementation of risk-assumed budgeting. Federal agencies are required to submit preliminary models for estimating risk of insurance programs along with all relevant data and assumptions to OMB with their budget requests for fiscal year 2002.

- Section 603(b) of the Budget Act, as amended, prescribes notice and comment procedures for developing the models used to assess risk. Both OMB and CBO provide a notice of availability in the Federal Register of the models, data, and assumptions that it intends to use to estimate risk for each insurance program.
- Section 603(c) of the Budget Act, as amended, requires Federal agencies, OMB, and CBO to revise their models, data, and assumptions based upon any comments submitted to it and in consultation with the Budget Committees. OMB is required to submit a second notice of availability for revised modes, data, and assumptions when it submits the President's budget for fiscal year 2003.
- Section 603(d) of the Budget Act, as amended, requires the President to include, for display purposes only, the risk-assumed costs of Federal insurance programs in his budget submissions for fiscal years 2003, 2004, and 2005. These submissions must include a presentation for each Federal insurance program at the account level, a summary table of risk-assumed costs, and an alternative summary table of budget aggregates and functions using risk-assumed measures. CBO also is required to estimate the risk-assumed cost of insurance programs in its economic outlook report and its analysis of the President's budget.

  Beginning in the second session of the 107th Congress, CBO is required to display its estimates of the risk-assumed costs of legislation affecting Federal insurance programs in the estimates required under Section 308 of the Congressional Budget Act of 1974 and Clause 3(c), Rule XIII of the Rules of the House of Representatives.
- Section 603(e) of the Budget Act, as amended, requires CBO, OMB, and GAO to submit a report evaluating the implementation of risk-assumed budgeting. The report must be submitted 6 months after the President submits his budget for fiscal year 2005. The report is required to address the following:

  The adequacy of the models;

  The availability and reliability of the data;

  The appropriateness of the implicit or explicit discount rate used in the models;

  The relationship between risk-assumed budgeting and statutory control over the budget;

  The overall benefits of risk assumed cost estimates;

  The ability of the appropriate agencies to obtain the necessary information;

  An assessment whether risk-assumed budgeting improves the budget process; and

  The advisability of continuing to budget for each program on a risk-assumed basis.
- Section 604 of the Budget Act, as amended, defines the terms used in this title:

Federal insurance program—a program that makes insurance commitments, including at a minimum a list to be included in the statement of managers accompanying the conference report on this legislation. The committee assumes that the list will include: bank deposit insurance, savings association deposit insurance, national credit union share insurance, pension insurance, national flood insurance, Federal crop insurance, aviation war-risk insurance, maritime war-risk insurance, service-disabled veterans insurance, veterans mortgage life insurance, Federal employees' life insurance, political risk insurance (OPIC), and the national vaccine injury compensation program.

Insurance commitment—an agreement in advance by a Federal agency to indemnify a nonfederal entity against specified losses. The bill specifically excludes loan guarantees and benefit programs such as Social Security and Medicare from this definition.

Risk-assumed cost—the net present value (NPV) of the estimated cash flows to and from the Federal Government resulting from an insurance commitment or modification in such a commitment.

Cost of a modification—the difference between the current estimate of the NPV of the remaining cash-flows under the terms of the insurance commitment and the current estimate of the NPV of the remaining cash-flows under the terms of the insurance commitment as modified.

Cost of a reestimate—the difference between the NPV of the amount required by the financing account to pay estimated claims and other expenditures and the amount available in the financing account.

Expected administrative costs—the amount estimated to be necessary for the proper administration of the insurance program

Program account—the budget account for the risk-assumed costs, and for paying all costs of administering the insurance program.

Financing account—the nonbudget account that is associated with each program account which receives payments from or makes payments to the program account, receives premiums and other payments from the public, pays insurance claims, and holds balances.

Modification—a governmental action that alters the risk-assumed cost of an existing insurance commitment from the current estimate of cash-flows and includes action resulting from new legislation or the exercise of administrative discretion under existing law that alters the estimated cost of existing insurance commitments.

Model—any actuarial, financial, econometric, probabilistic, or other methodology used to estimate the expected frequency and magnitude of loss-producing events, expected premiums or col-

lections from or on behalf of the insured, expected recoveries, and administrative expenses.

Current—the same meaning as in Section 250(c)(9) of the Deficit Control Act, which ties estimates to the most recently submitted President's budget.

OMB—the Director of the Office of Management and Budget.

CBO—the Director of the Congressional Budget Office.

GAO—the Comptroller General of the United States.

- Section 605(a) of the Budget Act, as amended, authorizes the appropriation of $600,000 for each of fiscal years 2000 and 2005 for OMB and the relevant agencies to contract with outside actuaries and other experts to develop these models. The committee recognizes that such appropriations may be necessary because many agencies do not have personnel with expertise in risk assessment techniques and that the private sector offers more lucrative compensation to experts in the field.
- Section 605(b) of the Budget Act, as amended, provides the Secretary of the Treasury the authority to engage in all necessary transactions with the financing accounts.
- Section 605(c) of the Budget Act, as amended, creates a financing account for each insurance program and appropriates the amount of the risk-assumed cost for that program as of the close of September 30, 2005.
- Section 606(a) of the Budget Act, as amended, provides that this subtitle is effective on enactment and expires on September 30, 2007. It provides that if the title is not reauthorized by that date, then the accounting structure and budgetary treatment reverts to the structure and budgetary treatment in effect before the enactment of this title.
- Section 605(b) of the Budget Act, as amended, provides a table of contents for Title VI of the Budget Act.

Subtitle B—Reports on Long-Term Budgetary Trends

SECTION 521

Subsection (a) amends section 1105(a) of title 31, United States Code, to require the President's budget submission to include for every fifth year a 75-year projections of total budget authority and outlays, revenue, surpluses, or deficits. The projections are to be based on both current law and the President's proposed policies. Over this same period, OMB is required to include projections for Social Security, Medicare, Medicaid, and all other direct spending. The projections are to be accompanied with a sensitivity analysis of key variables. Finally, the two sets of projections are to be compared with respect to their effect on the economy.

Subsection (b) amends section 202(e)(1) to require CBO to include the same projections based on current law as required under subsection (a) in its annual report *The Economic and Budget Outlook*.

TITLE VI—BASELINES, BYRD RULE, LOCK-BOX, AND OTHER FAIL-SAFE MECHANISMS

SECTION 601

Section 601 states that the purposes of this title are to require budgetary comparisons to the prior year's level, restrict the application of the Byrd rule to Senate-reported reconciliation bills, and establish a procedure to allow savings from amendments to be dedicated to increasing the surplus.

Subtitle A—The Baseline

SECTION 611

Subsection (a) amends Section 1105(a) of Title 31, United States Code, to require the President's budget submission to compare estimated expenditures and proposed appropriations for the budget year and the current year and include the percentage change between the two for all displays other than the detailed budget estimates.

Subsection (b) amends Section 1005(a)(6) of Title 31, United States Code, to require OMB to compare projected receipts under current law and as proposed by the President for the budget year and to show the percentage change under current law and as proposed between the current year and each of the 9 outyears.

Subsection (c) amends Section 1105(a)(12) of Title 31, United States Code, to require for each proposal in the budget for legislation that would establish or expand a government activity or function, an estimate of the estimated amount for the same activity or function, if any, in the current year and the percentage change between this level and the amount proposed in the budget for appropriation and for expenditure. The budget submission must also show the estimated appropriation for each proposal for a period of 5 fiscal years.

Subsection (d) expands an existing requirement under Section 1105(a)(18) of Title 31, United States Code, to include a comparison of the proposed amount of new budget authority for each mandatory program in the budget year with the corresponding amounts in the current fiscal year.

Subsection (e) adds two new requirements to the President's budget submission in Section 1105(a) of Title 31, United States Code: a comparison by function and subfunction of the estimated and proposed appropriations for the budget year and the current fiscal year; and a table disaggregating sources of growth in direct spending under current law for the budget year and each of the 4 outyears.

Subsection (f) amends Section 1109(a) of Title 31, United States Code, to clarify that the estimates of the current services budget are to assume the adjusted levels of the discretionary spending limits and if no such limits are in effect then the adjusted discretionary spending levels for the last year in which such limits were in effect.

SECTION 612

Subsection (a) amends Section 301(e) of the Budget Act to require the Budget Committees to mark up from prior year levels. It requires the mark up documents to include a comparison of spending levels to the prior fiscal year. In the House, this would apply to both the conceptual phase of the markup when the committee considers tentative levels and the formal phase when it considers legislative amendments to the budget resolution. Subsection (a) also requires the report accompanying the budget resolution to include a comparison of the proposed levels for the budget year with the current year. These two provisions essentially codify Rules 8(a) and 24 of the Rules of Procedure of the Committee on the Budget for the 106th Congress.

SECTION 613

Subsection (a) amends Section 202(e)(1) of the Budget Act to require CBO to include in its annual report to the Congress, *The Economic and Budget Outlook,* a comparison of alternative budgetary levels and tax expenditures for the budget year with the comparable levels in the prior year.

Subsection (b) further amended section 202(e)(1) of the Budget Act to require CBO to include in the The Economic and Budget Outlook an analysis of sources of projected growth in direct spending under current law (comparable to the report in the President's budget required under section 611(f)).

Subsection (c) amends section 308(a)(1)(B) to require CBO to include in its cost estimates a comparison of proposed levels to the comparable levels in the current fiscal year.

SECTION 614

Section 614 stipulates that, unless otherwise provided by law, budgetary projections for fiscal years in which there are no discretionary spending limits are to assume that discretionary spending at levels consistent with the discretionary spending limits in the last fiscal year they were in effect.

Subtitle B—The Byrd Rule

SECTION 621

Section 621 amends Section 313 of the Budget Act to exempt conference reports accompanying reconciliation bills from the Byrd rule. The Byrd rule prohibits consideration in the Senate of any provision in a reconciliation bill that is "extraneous" to the purposes of a reconciliation bill. While a point of order under section 313 could still be raised in the Senate during its initial consideration of a reconciliation bill, it could not be raised against any provision in a conference report. Consequently, provisions that were in the original House-passed reconciliation bill that were incorporated into the conference report will no longer be subject to the Byrd rule.

Subtitle C—Spending Accountability Lock-Box

SECTION 631

Section 631 cites this subtitle as the Spending Accountability Lock-Box Act of 1999.

SECTION 632

Subsection (a) sets forth the procedures for reducing the budget resolution's allocations and aggregates for floor amendments as a new section 318 of the Budget Act. In Section 318(a) of the Budget Act as amended, the Budget Committee chairmen are required to keep three ledgers to keep track of the amount of savings from floor amendments to appropriation bills. Each ledger includes three entries: House lock-box balance, Senate lock-box balance, and joint lock-box balance.

- Section 318(b) of the Budget Act, as amended, requires that the amount entered in the ledger shall consist of amounts credited to it under subsection (c) except that it may not include a negative entry that would constitute an increase in an appropriations.
- Section 318(c) of the Budget Act, as amended, permits Members offering amendments on the House or Senate floor to state the portion of the savings that should be credited to a lock-box, used as an offset for an increase in another account, or allowed to remain within the subcommittee's 302(b) allocation. If the sponsor of an amendment makes no such statement, then the reduction is automatically credited to the lock-box. Section 318(c) of the Budget Act, as amended, further directs the Budget Committee chairmen, upon the engrossment of any Senate amendment to the House bill, to credit to the lock-box an amount equal to the amount by which amendments, if passed, reduce budget authority and outlays. The entries are to be upon the engrossment of the applicable appropriation bills in the House or Senate. Only amendments that passed either House are credited to the appropriate lock-box.

  In the case of a conference report, the Budget Committee chairmen are required to credit to the joint House-Senate lock-box an amount equal to the sum of one half the amount credited to the lock-box balance in the House and Senate-passed bills.
- Section 318(d) of the Budget Act, as amended, applies lock-box procedures to all appropriation bills, which it defines as general and special appropriation bills, supplemental, deficiency or continuing appropriation bills, and joint resolutions. Section 318(e) also requires the Budget Committee chairmen to keep a running balance of the savings from floor amendments.

Subsection (b) of the bill amends the table of contents in Section 1(b) of the Budget Act to reflect the lock-box procedures under the congressional budget process.

SECTION 633

Subsection (a) amends section 302(a) of the Budget Act to require the Budget Committees chairmen to reduce the 302(a) allocations by the amount credited to the joint House-Senate lock-box for those bills upon the engrossment of the Senate amendments to any appropriation bills. The Budget Committee chairmen are required to have printed in the Congressional Record the adjusted levels.

Subsection (b) amends section 302(b) of the Budget Act to require the Appropriations Committees to make the comparable adjustments in the 302(b)allocations. The Appropriations Committee chairmen are also required to have these levels printed in the Record.

SECTION 634

Section 634 stipulates that the monthly scorekeeping reports submitted pursuant to Section 308(b)(1) of the Budget Act should include updates on the amounts credited to the lock-box ledger.

SECTION 635

Section 635 requires comparable adjustments in the discretionary spending limits to those in the allocations and aggregates under section 634. In order to provide a statutory basis for making the adjustment, the legislative text of the conference reports must contain a statement that specifies that the discretionary spending limits are to be reduced by the amount credited to the lock-box. The statement is to read as follows:

> As required by Section 635 of the Spending Accountability Lock-Box Act of 1999, for fiscal year [insert appropriate fiscal year] and each outyear, the adjusted discretionary spending limit for new budget authority is reduced by $ [insert appropriate amount of reduction] and the adjusted discretionary limit for outlays is reduced by [insert appropriate amount of reduction] for the fiscal year and each outyear.

Subtitle D—Automatic Continuing Resolution

SECTION 641

Subsection (a) of the legislation amends Chapter 13 of Title 31, United States Code, by adding a new section 1311, to provide for an automatic continuing appropriation for programs, projects, or activities for which appropriation bill were not enacted by the beginning of the fiscal year.

- Section 1311(a)(1) provides an automatic appropriation if a regular bill or joint resolution making continuing appropriations is not enacted by the beginning of the fiscal year. The appropriation is made out of corporate and other receipts held by the Treasury Department, applicable corporate or other revenue, receipts, and sums. The appropriation is for only those projects or activities that received an appropriation in the prior year (or in the event there were none, the joint resolution for the preceding year).

- Section 1311(a)(2) specifies that the level of the automatic appropriation is at the rate of operations in the prior fiscal year provided in a regular appropriations act (or the preceding year if there was a joint resolution). Any determination of the rate of operations, however, excludes amounts for emergencies (under current law and amounts in excess of the reserve fund in title II), IMF, or arrearages under sections 251 and 252 of the Deficit Control Act. These items are excluded from the base because they represent on-time expenditures and, if retained, could contribute to a breach of the discretionary spending limits.

  At the same time, the determination of the rate of operations encompasses all other enacted levels other than continuing resolutions that are less than 1 year, rescissions and appropriations in supplemental, rescission, and special appropriations acts. Additionally, the determination sets out amounts sequestered because of a breach in the discretionary spending limits in the prior fiscal year.

  If the continuing resolution under this section is in effect in one year and the corresponding appropriations act are not enacted in the following year, another continuing appropriation would be automatically provided in the second year at the levels provided by the continuing resolution for the first year. As a consequence, there would be no shutdown in the second fiscal year.

- Section 1311(a)(3) states that the automatic appropriations shall first become available on the first day of a lapse in appropriations. It ends on either the date on which the applicable regular appropriations bill becomes law or the last day of the fiscal year, whichever is earlier. Consequently, the continuing resolution does not provide for a permanent appropriation.

- Section 1311(b) provides that an automatic appropriation under this section shall be subject to the terms and conditions imposed for that appropriation in the preceding fiscal year.

- Section 1311(c) provides that any automatic appropriation for a program, project, or activity covers all obligations and expenditures for such project (or as otherwise provided under current law).

- Section 1311(d) specifies that expenditures for an automatic appropriation are charged to the same appropriation fund or authorization as the regular appropriation bill or joint resolution that succeeds it in the same fiscal year.

- Section 1311(e) provides that the automatic appropriation does not apply to any program, project, or activity for which another provision of law either makes the funds available or grants authority for it to continue. Moreover, the interim appropriation is not effective if a provision of law specifically provides no appropriations shall be made, or funds made available, for such a program, project, or activity during a lapse in appropriations.

- Section 1311(f) defines a regular appropriation bill as a bill making appropriations for the following:

  Agriculture, rural development, and related agencies and programs;

the Departments of Commerce, Justice and State, the judiciary, and related agencies;

the Department of Defense;

the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District;

the Departments of Labor, Health and Human Services, and Education, and related agencies;

the Department of Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations and offices;

Energy and water development;

foreign assistance and related programs;

the Department of the Interior and related agencies; military construction;

military construction, family housing, and base realignment and closure for the Department of Defense;

the Department of Transportation and related agencies;

the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies; and

the legislative branch.

Subsection (b) of the legislation makes a conforming change in Section 202(e) of the Budget Act relating to a CBO report on unauthorized programs.

Subsection (c) of the legislation adds the continuing appropriation to the table of contents set forth in Chapter 13 of Title 31, United States Code.

Subsection (d) of the legislation clarifies that this section should not be construed to affect government oblations mandated by other law, including Social Security, Medicare, and Medicaid.

TITLE VII—BUDGETING IN AN ERA OF SURPLUSES

Title VII restates much of the PAYGO requirements in section 252 of the Deficit Control Act, but amends the act to ensure there is no sequester if there is an on-budget surplus, to require additional offsets if the on-budget surplus declines, and to clarify that the costs of all direct spending or receipts legislation are included in sequestration calculations.

SECTION 701

Subsection (a) changes the purpose of PAYGO set forth in Section 252(a) of the Deficit Control Act from that of assuring that direct spending and receipts legislation does not increase the deficit to that of assuring that the costs of such legislation does not exceed the on-budget surplus.

Subsection (b) amends the calculation of any sequester in Section 252 (b) of the Deficit Control Act to reduce the amount of any sequester by the amount of OMB's estimate of the on-budget surplus.

In other words, if the estimated on-budget surplus is larger than the net cost of all PAYGO legislation for that budget year there is no sequester. If in the budget year the surplus is less than the costs of the legislation, then the amount of the sequester is reduced by the difference between the costs of the legislation and the amount of the on-budget surplus.

To take a simple example, there would be no sequester if, for a given budget year, legislation was enacted providing for a $2-billion tax cut and a $1-billion entitlement expansion if the on-budget surplus is at least $3 billion in that same year (assuming no other direct spending or receipt legislation has been enacted).

It is important to note that section 701 does not require the Congress to use the on-budget surplus to offset tax cuts. If Congress does not pass legislation that reduces revenue by the amount of the surplus, then the surplus would be implicitly used to reduce the Federal debt. Similarly, the Congress could use the surplus to offset an entitlement expansion—although that is clearly not the intent of the majority of the committee.

Subsection (c) specifies several assumptions for OMB and CBO to make in estimating the on-budget surplus, if any, in the sequester reports. For the mandatory side of the budget, the projections are to be consistent with the assumptions used to calculate projections under the Deficit Control Act. These projections must however exclude PAYGO legislation enacted after this act because the effect of such legislation is already included in the sequester calculation. For discretionary spending, the estimate is based on the enacted levels in the regular appropriation bills. If such bills are not enacted, then the estimates are based on any full-year continuing resolution for the budget year (other than the continuing resolution in title IV). If no regular or continuing appropriation is enacted, then the estimates are based on the enacted levels for the current year with various adjustments required under the Deficit Control Act. Regardless of what levels are used as the base, they must be adjusted for supplemental, rescission, and special appropriation acts as well as any sequester due to a breach of the discretionary spending limits in the appropriate fiscal years.

Under section (d), OMB is required to use its projection of the on-budget deficit or surplus in its Preview Report that is submitted with the President's budget submission in January or early February in determining whether a sequestration is necessary in its final report.

Subsection (d) stipulates that OMB and CBO are to estimate the on-budget surplus in the preview reports that are submitted in January or early February. These estimates are used to determine the size of any sequester at the conclusion of the session.

The fact that the estimate of the on-budget surplus is updated each year has important implications. That is, a tax and or entitlement that would not trigger a sequester for a given year when it was enacted might trigger a sequester for that year because of a decline in the estimated on-budget surplus.

Subsection (e) clarifies that the estimates of the on-budget surplus do not include the outlays of the Social Security trust funds and other off-budget entities. By excluding these cash-flows, these PAYGO changes will have no bearing on the amounts credited to

the Social Security trust funds or the actuarial status of these funds.

Subsection (f) amends Section 258C of the Deficit Control Act to extend to the House a Senate procedure for considering reconciliation legislation to preempt any PAYGO sequester. Under this procedure, each standing committee can submit to the Budget Committee of its House a legislative alternative to avoid a sequester. After the committees have submitted such a report and not later than October 15, the House and Senate may pass a simple resolution instructing the committees to submit legislation offsetting at least part of the sequester. The standing committees are then required to submit their recommendations to the Budget Committee, which then reports the recommendations in the form of a reconciliation bill to its respective House.

Rollcall Votes and Other Items Required Under House Rules

COMMITTEE VOTES

Clause 2(1)(2)(B) of House Rule XI requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each rollcall vote on a motion to report and any amendments offered to the measure or matter, together with the names of those voting for and against. Listed below are the rollcall votes taken in the House Budget Committee on the Comprehensive Budget Process Reform Act of 1999.

On June 17, 1999, the committee met in open session, a quorum being present. The committee adopted and ordered reported the Comprehensive Budget Process Reform Act of 1999. The following votes were taken in committee:

1. Mr. Chambliss made a motion to authorize the chairman, consistent with Rule XVI, Clause 4 of the Rules of the House, to declare a recess at any time during the committee meeting. The motion was agreed to by voice vote.

2. Mr. Nussle offered an amendment in the nature of a substitute to H.R. 853, the Comprehensive Budget Process Reform Act of 1999. The amendment makes changes to the legislation such as adding interest as a discrete category to this categories of spending, dropping the definition of a Presidential veto for Congressional purposes; and collapsing the two distinct emergency reserves, one for direct spending and one for discretionary spending into a single reserve fund.

3. Mr. Spratt offered a perfecting amendment to the amendment in the nature of a substitute. The amendment strikes the joint budget resolution provisions.

The amendment was not agreed to by a show of hands with 14 ayes and 23 noes.

4. Mr. Bentsen offered a perfecting amendment to the amendment in the nature of a substitute. The amendment to strikes various provisions related to the emergency spending reserve.

The amendment was not agreed to on a voice vote.

5. Mr. Bentsen offered a perfecting amendment to the amendment in the nature of a substitute. The amendment proposes to change the method by which the emergency reserve fund is spent. In the amendment in the nature of a substitute, the chairman determines when the funding should be released; the amendment would require the entire Budget Committee vote on whether to designate spending as an emergency.

The amendment offered was agreed to by voice vote.

6. Mr. Bentsen offered a perfecting amendment to the amendment in the nature of a substitute. The amendment strikes the title of the legislation related to an automatic continuing resolution.

The amendment offered was not agreed to by a show of hands with 14 ayes and 22 noes.

7. Mr. Bentsen offered a perfecting amendment to the amendment in the nature of a substitute. The amendment reduces the level of spending in the automatic continuing resolution from 100 percent of the previous year's level to 75 percent of the previous year's level.

The amendment offered was not agreed to by voice vote.

8. Mr. Spratt offered a perfecting amendment to the amendment in the nature of a substitute. The amendment strikes title VII of the legislation which changes the way the pay-as-you-go budget rules are applied.

The amendment was not agreed on a roll call vote of 13 ayes and 20 noes.

	Aye	No	Present		Aye	No	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Chambliss		X		Mr. McDermott	X		
Mr. Shays		X		Ms. Rivers	X		
Mr. Herger				Mr. Thompson			
Mr. Franks		X		Mr. Minge		X	
Mr. Smith of Michigan		X		Mr. Bentsen	X		
Mr. Nussle		X		Mr. Davis			
Mr. Hoekstra				Mr. Weygand	X		
Mr. Radanovich				Mrs. Clayton	X		
Mr. Bass		X		Mr. Price	X		
Mr. Gutknecht		X		Mr. Markey			
Mr. Hilleary		X		Mr. Kleczka	X		
Mr. Sununu		X		Mr. Clement	X		
Mr. Pitts		X		Mr. Moran			
Mr. Knollenberg		X		Ms. Hooley	X		
Mr. Thornberry				Mr. Lucas	X		
Mr. Ryun		X		Mr. Holt	X		
Mr. Collins		X		Mr. Hoeffel	X		
Mr. Wamp				Ms. Baldwin			
Mr. Green		X					
Mr. Fletcher		X					
Mr. Miller of California		X					
Mr. Ryan		X					
Mr. Toomey		X					

9. Mrs. Clayton offered a perfecting amendment to the amendment in the nature of a substitute. The amendment removes farm price support programs and the Federal Crop Insurance Program and the non insured crop disaster assistance program from the programs subject to sequestration.

The amendment was not agreed to by a rollcall vote of 13 ayes and 18 noes.

	Aye	No	Present		Aye	No	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Chambliss				Mr. McDermott	X		
Mr. Shays		X		Ms. Rivers	X		
Mr. Herger				Mr. Thompson			
Mr. Franks		X		Mr. Minge			
Mr. Smith of Michigan		X		Mr. Bentsen	X		
Mr. Nussle		X		Mr. Davis			

	Aye	No	Present		Aye	No	Present
Mr. Hoekstra				Mr. Weygand			
Mr. Radanovich				Mrs. Clayton	X		
Mr. Bass		X		Mr. Price	X		
Mr. Gutknecht		X		Mr. Markey			
Mr. Hilleary		X		Mr. Kleczka	X		
Mr. Sununu		X		Mr. Clement	X		
Mr. Pitts		X		Mr. Moran	X		
Mr. Knollenberg		X		Ms. Hooley	X		
Mr. Thornberry				Mr. Lucas	X		
Mr. Ryun		X		Mr. Holt	X		
Mr. Collins		X		Mr. Hoeffel	X		
Mr. Wamp				Ms. Baldwin			
Mr. Green		X					
Mr. Fletcher		X					
Mr. Miller of California		X					
Mr. Ryan		X					
Mr. Toomey		X					

10. Mr. Hoeffel offered a perfecting amendment to the amendment in the nature of a substitute. The amendment exempts Medicare from the programs subject to sequestration.

The amendment was not agreed to by a rollcall vote of 12 ayes and 19 noes.

	Aye	No	Present		Aye	No	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Chambliss		X		Mr. McDermott	X		
Mr. Shays		X		Ms. Rivers	X		
Mr. Herger				Mr. Thompson			
Mr. Franks		X		Mr. Minge		X	
Mr. Smith of Michigan				Mr. Bentsen	X		
Mr. Nussle		X		Mr. Davis			
Mr. Hoekstra				Mr. Weygand	X		
Mr. Radanovich				Mrs. Clayton			
Mr. Bass		X		Mr. Price	X		
Mr. Gutknecht		X		Mr. Markey			
Mr. Hilleary		X		Mr. Kleczka	X		
Mr. Sununu		X		Mr. Clement	X		
Mr. Pitts		X		Mr. Moran			
Mr. Knollenberg		X		Ms. Hooley	X		
Mr. Thornberry				Mr. Lucas	X		
Mr. Ryun		X		Mr. Holt	X		
Mr. Collins		X		Mr. Hoeffel	X		
Mr. Wamp				Ms. Baldwin			
Mr. Green		X					
Mr. Fletcher		X					
Mr. Miller of California		X					
Mr. Ryan		X					
Mr. Toomey		X					

11. Mr. Clement offered a perfecting amendment to the amendment in the nature of a substitute. The amendment exempts Veteran's Education programs from those programs subject to sequestration.

The amendment was not agreed to on a rollcall vote with 13 ayes and 17 noes.

	Aye	No	Present		Aye	No	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Chambliss		X		Mr. McDermott	X		
Mr. Shays		X		Ms. Rivers	X		
Mr. Herger				Mr. Thompson			

	Aye	No	Present		Aye	No	Present
Mr. Franks		X		Mr. Minge		X	
Mr. Smith of Michigan				Mr. Bentsen	X		
Mr. Nussle		X		Mr. Davis	X		
Mr. Hoekstra				Mr. Weygand	X		
Mr. Radanovich				Mrs. Clayton			
Mr. Bass		X		Mr. Price	X		
Mr. Gutknecht				Mr. Markey			
Mr. Hilleary		X		Mr. Kleczka	X		
Mr. Sununu		X		Mr. Clement	X		
Mr. Pitts		X		Mr. Moran			
Mr. Knollenberg		X		Ms. Hooley	X		
Mr. Thornberry				Mr. Lucas	X		
Mr. Ryun		X		Mr. Holt	X		
Mr. Collins		X		Mr. Hoeffel	X		
Mr. Wamp				Ms. Baldwin			
Mr. Green		X					
Mr. Fletcher		X					
Mr. Miller of California		X					
Mr. Ryan							
Mr. Toomey		X					

12. Mr. Holt offered a perfecting amendment to the amendment in the nature of a substitute. The amendment exempts student loans from those programs subject to sequestration.

The amendment was not agreed to by a roll call vote of 12 ayes and 19 noes.

	Aye	No	Present		Aye	No	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking			
Mr. Chambliss		X		Mr. McDermott	X		
Mr. Shays		X		Ms. Rivers	X		
Mr. Herger				Mr. Thompson			
Mr. Franks		X		Mr. Minge		X	
Mr. Smith of Michigan		X		Mr. Bentsen	X		
Mr. Nussle		X		Mr. Davis	X		
Mr. Hoekstra				Mr. Weygand	X		
Mr. Radanovich				Mrs. Clayton			
Mr. Bass		X		Mr. Price	X		
Mr. Gutknecht				Mr. Markey			
Mr. Hilleary		X		Mr. Kleczka	X		
Mr. Sununu		X		Mr. Clement	X		
Mr. Pitts		X		Mr. Moran			
Mr. Knollenberg		X		Ms. Hooley	X		
Mr. Thornberry				Mr. Lucas	X		
Mr. Ryun		X		Mr. Holt	X		
Mr. Collins		X		Mr. Hoeffel	X		
Mr. Wamp				Ms. Baldwin			
Mr. Green		X					
Mr. Fletcher		X					
Mr. Miller of California		X					
Mr. Ryan		X					
Mr. Toomey		X					

13. Mr. Bentsen offered a perfecting amendment to the amendment in the nature of a substitute. The amendment provides that not more than 80 percent of the on-budget surplus could go toward tax reductions or spending increases.

The amendment was not agreed to by voice vote.

14. Mr. Spratt offered a perfecting amendment to the amendment in the nature of a substitute. This omnibus amendment maintains the functional categories as legislative language, maintains the reconciliation directives as legislative language; allows appro-

priation bills to move if a budget resolution is not agreed to by May 15 of a fiscal year; strikes the lock-box provision; and maintains current practice regarding baselines.

The amendment was not agreed to by a show of hands with 10 ayes and 20 noes.

15. Mr. Chambliss made a motion that the committee adopt the amendment in the nature of a substitute as the Comprehensive Budget Process Reform Act of 1999.

The motion was agreed to by voice vote.

16. Mr. Chambliss made a motion that the committee agree to H.R. 853, the Comprehensive Budget Process Reform Act of 1999 as amended.

The motion was agreed to by voice vote.

17. Mr. Chambliss made a motion that the committee report the bill as amended and that the bill do pass.

The motion was agreed to by a roll call vote of 22 ayes and 12 noes.

	Aye	No	Present		Aye	No	Present
Mr. Kasich, Chairman	X			Mr. Spratt, Ranking		X	
Mr. Chambliss	X			Mr. McDermott		X	
Mr. Shays				Ms. Rivers			
Mr. Herger	X			Mr. Thompson		X	
Mr. Franks	X			Mr. Minge	X		
Mr. Smith of Michigan	X			Mr. Bentsen		X	
Mr. Nussle	X			Mr. Davis			
Mr. Hoekstra	X			Mr. Weygand		X	
Mr. Radanovich				Mrs. Clayton			
Mr. Bass	X			Mr. Price		X	
Mr. Gutknecht	X			Mr. Markey			
Mr. Hilleary	X			Mr. Kleczka		X	
Mr. Sununu	X			Mr. Clement		X	
Mr. Pitts	X			Mr. Moran			
Mr. Knollenberg	X			Ms. Hooley		X	
Mr. Thornberry				Mr. Lucas		X	
Mr. Ryun	X			Mr. Holt		X	
Mr. Collins	X			Mr. Hoeffel		X	
Mr. Wamp	X			Ms. Baldwin			
Mr. Green	X						
Mr. Fletcher	X						
Mr. Miller of California	X						
Mr. Ryan	X						
Mr. Toomey	X						

18. Mr. Chambliss asked for and received unanimous consent that the staff be given authority to make necessary technical and conforming changes in the bill and any committee amendments.

19. The motion to reconsider was laid on the table by unanimous consent.

BUDGET COMMITTEE OVERSIGHT FINDINGS

Clause 3(c)(1) of rule XIII requires each committee report to contain oversight findings and recommendations required pursuant to clause 2(b)(1) of rule X. The Committee on the Budget's oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, Section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM

Clause 3(c)(4) of rule XIII requires each committee report to contain a summary of oversight findings and recommendations made by the Committee on Government Reform pursuant to clause 4(c)(2) of rule X, whenever such findings have been timely submitted. The Committee on the Budget has received no such findings or recommendations from the Committee on Government Reform.

MISCELLANEOUS BUDGETARY INFORMATION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives provides that Committee reports shall contain the statement required by Section 308(a)(1) of the Congressional Budget Act of 1974. This report does not contain such a statement because this bill does not actually provide new budget authority or new entitlement authority or change revenues.

COMMITTEE ESTIMATE

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires the Committee to include both an estimate of the costs which would be incurred in carrying out this bill and a comparison of that estimate with any estimate made by a government agency of such costs. However, under clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and Section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 23, 1999.

Hon. JOHN R. KASICH,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 853, the Comprehensive Budget Process Reform Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

DAN L. CRIPPEN, *Director.*

Summary

H.R. 853 would make a number of changes to the process used to develop, analyze, and control the federal budget. Only one provision of the bill—the automatic continuing resolution—would affect direct spending. CBO estimates that the administrative costs of implementing the proposed changes in the budget process would largely affect discretionary programs and would total about $2 million annually, assuming appropriation of the necessary amounts. The budgetary procedures established by the bill could further alter budgetary outcomes, but any additional changes in spending or receipts would depend on future legislation.

To avoid future government shutdowns, the bill would put in place an automatic continuing resolution beginning in fiscal year 2000 that would take effect if the Congress and the President fail to agree on regular or temporary appropriation bills by October 1 of each fiscal year. The appropriation for each project or activity would be the lower of the previous year's appropriated level or the annualized level provided in the most recent continuing resolution if the regular bill for that year did not become law. By providing an automatic funding source for 2000 that would take effect without further legislative action, H.R. 853 would provide direct spending authority, and pay-as-you-go procedures would apply to the bill. CBO estimates that enacting H.R. 853 would provide budget authority of about $566 billion in 2000, resulting in outlays of $338 billion in 2000 and $571 billion over the 2000–2004 period. By itself, the bill would not provide any new funding for 2001 or beyond.

H.R. 853 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the budgets of state, local, or tribal governments.

Description of the Bill's Major Provisions

H.R. 853 would change the budget process by:

- Converting the budget resolution into a measure that would become law;
- Creating a reserve fund for emergency spending and establishing procedures for emergency spending in excess of amounts in the reserve fund;
- Establishing new requirements for the review and reauthorization of federal programs;
- Shifting the budgeting for federal insurance programs from a cash to an accrual basis;
- Providing for automatic continuing appropriations;
- Modifying pay-as-you-go rules to permit a tax cut or new direct spending up to the level of projected on-budget surpluses;
- Establishing a lock-box that would allow reductions in total discretionary spending if an individual appropriation bill is amended to reduce spending; and
- Requiring additional reporting on long-term budgetary trends.

Estimated Cost to the Federal Government

The estimated budgetary impact of H.R. 853 is shown in the following table. For the purposes of this estimate, CBO assumes the bill will be enacted by the end of fiscal year 1999. The costs of this legislation fall within multiple budget functions.

[By Fiscal year, in millions of dollars]

	2000	2001	2002	2003	2004
Changes in direct spending:					
Estimated budget authority	$566	$0	$0	$0	$0
Estimated outlays[1]	338	131	60	30	12
Changes in spending subject to appropriation:					
Authorization level:					
Specified	1	1	1	1	1
Estimated	1	1	1	1	1
Total	2	2	2	2	2
Estimated outlays	1	2	2	2	2

[1] Outlays include amounts for transportation programs that are controlled by annual obligation limitations set in appropriation acts. Such limitations are not considered budget authority.

Basis of Estimate

DIRECT SPENDING

H.R. 853 would provide funding for fiscal year 2000 for projects and activities funded in 1999 appropriation acts. The appropriation provided for each project or activity would be the amount sufficient to continue funding for that project and activity at the level of operations provided in 1999 appropriation acts. Upon enactment of an applicable regular appropriation bill or a continuing resolution for 2000, the appropriation for a project or activity provided by H.R. 853 would no longer be available.

Because scorekeeping guidelines adopted by the Congress and the Administration require that estimates of a bill not take into account possible future legislation, and no regular appropriation bills or continuing resolution for 2000 have been enacted, CBO estimates the effect that H.R. 853 would have if no appropriation bills providing funding for 2000 are enacted. In addition, though H.R. 853 would provide funding for discretionary programs, budget authority provided by law other than appropriation acts is defined as direct spending for purposes of budget enforcement. (If the same provisions were enacted in an appropriation bill, the resulting spending would be considered discretionary.)

CBO estimates that continuing projects and activities funded in 1999 appropriations acts would require new budget authority of about $566 billion in 2000. (This figure does not include almost $10 billion already enacted as advance appropriations for 2000.) CBO estimates that the new budget authority for 2000 would result in outlays of $338 billion in 2000 and about $571 billion over the 2000-2004 period.

H.R. 853 also would establish an automatic continuing resolution at the previous year's level in the absence of regular appropriations for a given year. Because the appropriations for 2001 (and beyond) provided by H.R. 853 are contingent on future appropriation bills, H.R. 853 by itself would not provide any new funding for 2001 or

any subsequent years. Under the provisions of H.R. 853, however, enactment of an appropriation bill for a given year would trigger appropriations for the following year to continue the projects and activities funded for the preceding fiscal year in the appropriation acts.

SPENDING SUBJECT TO APPROPRIATION

Title V would change the budgetary treatment of federal insurance from a cash to an accrual basis. To allow the Office of Management and Budget (OMB), CBO, and the various agencies with operating responsibilities for insurance programs sufficient time to develop, test, and revise the models needed to implement the change, the bill would provide a lengthy transition, delaying full implementation until fiscal year 2006. H.R. 853 would authorize the appropriation of $600,000 for each fiscal year 2000 through 2005 for OMB and the 11 agencies responsible for administering the insurance programs affected by title V.

In addition, the bill would impose other new requirements on OMB and on Congressional staff, including the General Accounting Office, CBO, the budget committees, and the appropriations committees. CBO estimates these costs would total about $1 million annually, assuming appropriation of the necessary amounts.

Pay-As-You-Go Considerations

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. The bill would not affect governmental receipts.

[By Fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	2004
Changes in outlay	$0	$338	$131	$60	$30	$12
Changes in receipts	NA	NA	NA	NA	NA	NA

Intergovernmental and Private-Sector Impact

H.R. 853 contains no intergovernmental mandates as defined in UMRA and would impose no costs on the budgets of state, local, or tribal governments.

Estimate prepared by: Mary B. Maginniss, James R. Horney, and Priscilla M. Aycock.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

SHORT TITLES; TABLE OF CONTENTS

SECTION 1. (a) SHORT TITLES.—This Act may be cited as the "Congressional Budget and Impoundment Control Act of 1974". Titles I through IX may be cited as the "Congressional Budget Act of 1974". Parts A and B of title X may be cited as the "Impoundment Control Act of 1974". Part C of title X may be cited as the "Line Item Veto Act of 1996".

(b) TABLE OF CONTENTS.—

Sec. 1. Short titles; table of contents.

* * * * * * *

TITLE III—CONGRESSIONAL BUDGET PROCESS

Sec. 300. Timetable.
Sec. 301. Annual [adoption of concurrent resolution] *joint resolutions on the budget.*
Sec. 302. Committee allocations.
[Sec. 303. Concurrent resolution on the budget must be adopted before budget-related legislation is considered.]
Sec. 303. Consideration of budget-related legislation before budget becomes law.
Sec. 304. Permissible revisions of [concurrent] *budget* resolutions [on the budget].
Sec. 305. Procedures relating to consideration of [concurrent] *joint* resolutions on the budget.

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Sec. 316. Expedited procedures upon veto of joint resolution on the budget.
Sec. 317. Emergencies.
Sec. 318. Spending accountability lock-box ledger.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

PART A—GENERAL PROVISIONS

[Sec. 401. Budget-related legislation not subject to appropriations.]
Sec. 401. Fixed-year authorizations required for direct spending.

* * * * * * *

TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

Sec. 601. Short title.
Sec. 602. Budgetary treatment.
Sec. 603. Timetable for implementation of accrual budgeting for Federal insurance programs.
Sec. 604. Definitions.
Sec. 605. Authorizations to enter into contracts; actuarial cost account.
Sec. 606. Effective date.

* * * * * * *

DECLARATION OF PURPOSES

SEC. 2. The Congress declares that it is essential—

[(1) to assure effective congressional control over the budgetary process;

[(2) to provide for the congressional determination each year of the appropriate level of Federal revenues and expenditures;]

(1) to assure effective control over the budgetary process;

(2) to facilitate the determination each year of the appropriate level of Federal revenues and expenditures by the Congress and the President;

* * * * * * *

DEFINITIONS

SEC. 3. IN GENERAL.—For purposes of this Act—

(1) * * *

* * * * * * *

(4) The term "[concurrent] *joint* resolution on the budget" means—

(A) a [concurrent] *joint* resolution setting forth the congressional budget for the United States Government for a fiscal year as provided in section 301; and

(B) any other [concurrent] *joint* resolution revising the congressional budget for the United States Government for a fiscal year as described in section 304.

* * * * * * *

(11) The term "direct spending" has the meaning given to such term in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(12)(A) The term "emergency" means a situation that—

(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

(ii) is unanticipated.

(B) As used in subparagraph (A), the term "unanticipated" means that the situation is—

(i) sudden, which means quickly coming into being or not building up over time;

(ii) urgent, which means a pressing and compelling need requiring immediate action;

(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

(iv) temporary, which means not of a permanent duration.

TITLE II—CONGRESSIONAL BUDGET OFFICE

* * * * * * *

DUTIES AND FUNCTIONS

SEC. 202. (a) * * *

* * * * * * *

(e) REPORTS TO BUDGET COMMITTEES.—

(1) On or before February 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, a report for the fiscal year commencing on October 1 of that year, with respect to fiscal policy, including (A) alternative levels of total revenues, total new budget authority, and total outlays (including related sur-

pluses and deficits) *compared to comparable levels for the current year*, (B) the levels of tax expenditures under existing law, taking into account projected economic factors and any changes in such levels based on proposals in the budget submitted by the President for such fiscal year *compared to comparable levels for the current year*, and (C) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline, as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985. *Such report shall also include a table on sources of spending growth in total direct spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.* Such report shall also include a discussion of national budget priorities, including alternative ways of allocating new budget authority and budget outlays for such fiscal year among major programs or functional categories, taking into account how such alternative allocations will meet major national needs and affect balanced growth and development of the United States. *Such report shall also include an analysis based upon current law for every fifth year of the period of 75 fiscal years beginning with such fiscal year, of the estimated levels of total new budget authority and total budget outlays, estimated revenues, estimated surpluses and deficits, and, for social security, medicare, medicaid, and all other direct spending, estimated levels of total new budget authority and total budget outlays. The report described in the preceding sentence shall also specify its underlying assumptions and set forth a sensitivity analysis of factors that have a significant effect on the projections made in the report.*

* * * * * * *

TITLE III—CONGRESSIONAL BUDGET PROCESS

TIMETABLE

[SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

[On or before:	Action to be completed:
First Monday in February	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after President submits budget.	Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports concurrent resolution on the budget.
April 15	Congress completes action on concurrent resolution on the budget.
May 15	Annual appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.

[On or before:	Action to be completed:
June 30	House completes action on annual appropriation bills.
October 1	Fiscal year begins.]

TIMETABLE

SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

On or before:	***Action to be completed:***
First Monday in February	*President submits his budget.*
February 15	*Congressional Budget Office submits report to Budget Committees.*
Not later than 6 weeks after President submits budget.	*Committees submit views and estimates to Budget Committees.*
April 1	*Senate Budget Committee reports joint resolution on the budget.*
April 15	*Congress completes action on joint resolution on the budget.*
June 10	*House Appropriations Committee reports last annual appropriation bill.*
June 15	*Congress completes action on reconciliation legislation.*
June 30	*House completes action on annual appropriation bills.*
October 1	*Fiscal year begins.*

ANNUAL [ADOPTION OF CONCURRENT RESOLUTION] *JOINT RESOLUTIONS* ON THE BUDGET

SEC. 301. (a) CONTENT OF [CONCURRENT] *JOINT* Resolution on the Budget.—On or before April 15 of each year, the Congress shall complete action on a [concurrent] *joint* resolution on the budget for the fiscal year beginning on October 1 of such year. The [concurrent] *joint* resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of such year and for at least each of the 4 ensuing fiscal years for the following—

(1) totals of new budget authority and outlays;

(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

(3) the surplus or deficit in the budget;

[(4) new budget authority and outlays for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1);]

(4) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), and interest; and for fiscal years to which the amendments made by title II of the Comprehensive Budget Process Reform Act of 1999 apply, subtotals of new budget authority and outlays for emergencies;

* * * * * * *

(7) For purposes of Senate enforcement under this title, revenues of the old-age, survivors, and disability insurance program established under title II of the Social Security Act (and the related provisions of the Internal Revenue Code of 1986)

for the fiscal year of the resolution and for each of the 4 succeeding fiscal years.

The [concurrent] *joint* resolution shall not include the outlays and revenue totals of the old age, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title.

(b) ADDITIONAL MATTERS IN [CONCURRENT] *JOINT* Resolution.—The concurrent resolution on the budget may—

(1) set forth, if required by subsection (f), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

[(2) include reconciliation directives described in section 310;]

(2) if submitted by the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate to the Committee on the Budget of that House of Congress, amend section 3101 of title 31, United States Code, to change the statutory limit on the public debt;

(3) require a procedure under which all or certain bills or resolutions providing new budget authority or new entitlement authority for such fiscal year shall not be enrolled until the Congress has completed action on any reconciliation bill or reconciliation resolution or both required by such [concurrent] *joint* resolution to be reported in accordance with section 310(b);

[(4) set forth such other matters, and require such other procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act;]

(4) require such other congressional procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act;

(5) include a heading entitled "Debt Increase as Measure of Deficit" in which the [concurrent] *joint* resolution shall set forth the amounts by which the debt subject to limit (in section 3101 of title 31 of the United States Code) has increased or would increase in each of the relevant fiscal years;

[(6) include a heading entitled "Display of Federal Retirement Trust Fund Balances" in which the concurrent resolution shall set forth the balances of the Federal retirement trust funds;]

(6) set forth procedures in the Senate whereby committee allocations, aggregates, and other levels can be revised for legislation if that legislation would not increase the deficit, or would not increase the deficit when taken with other legislation enacted after the adoption of the resolution, for the first fiscal year or the total period of fiscal years covered by the resolution.

(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—If the Committee on the Budget of the House of Representatives reports any [concurrent] *joint* resolution on the budget which includes any procedure or matter which has the effect of

changing any rule of the House of Representatives, such [concurrent] *joint* resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have jurisdiction to report any [concurrent] *joint* resolution referred to it under this paragraph with an amendment or amendments changing or striking out any such procedure or matter.

* * * * * * *

(e) HEARINGS AND REPORT.—

(1) IN GENERAL.—In developing the [concurrent] *joint* resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goal set forth in the report submitted by the members of the Joint Economic Committee under subsection (d) may be considered by the Committee on the Budget of each House as part of its consideration of such [concurrent] *joint* resolution, and its report may reflect its views thereon, including its views on how the estimates of revenues and levels of budget authority and outlays set forth in such [concurrent] *joint* resolution are designed to achieve any goals it is recommending. *The basis of deliberations in developing such joint resolution shall be the estimated budgetary levels for the preceding fiscal year. Any budgetary levels pending before the committee and the text of the joint resolution shall be accompanied by a document comparing such levels or such text to the estimated levels of the prior fiscal year. Any amendment offered in the committee that changes a budgetary level and is based upon a specific policy assumption for a program, project, or activity shall be accompanied by a document indicating the estimated amount for such program, project, or activity in the current year.*

(2) REQUIRED CONTENTS OF REPORT.—The report accompanying the resolution shall include—

(A) new budget authority and outlays for each major functional category, based on allocations of the total levels set forth pursuant to subsection (a)(1);

[(A)] *(B)* a comparison of the levels of total new budget authority, total outlays, total revenues, and the surplus or deficit for each fiscal year set forth in the resolution with those requested in the budget submitted by the President;

[(B)] *(C)* with respect to each major functional category, an estimate of total new budget authority and total outlays, with the estimates divided between discretionary and [mandatory] *direct spending* amounts;

(D) a measure, as a percentage of gross domestic product, of total outlays, total Federal revenues, the surplus or deficit, and new outlays for nondefense discretionary spend-

ing, defense spending, and direct spending as set forth in such resolution;

[(C)] *(E)* the economic assumptions that underlie each of the matters set forth in the resolution and any alternative economic assumptions and objectives the committee considered;

[(D)] *(F)* information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the resolution;

(G) if the joint resolution on the budget includes any allocation to a committee (other than the Committee on Appropriations) of levels in excess of current law levels, a justification for not subjecting any program, project, or activity (for which the allocation is made) to annual discretionary appropriations;

[(E)] *(H)* the estimated levels of tax expenditures (the tax expenditures budget) by major items and functional categories for the President's budget and in the resolution; [and]

[(F)] *(I)* allocations described in section 302(a)[.]*; and*

(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.

(3) ADDITIONAL CONTENTS OF REPORT.—The report accompanying the resolution may include—

(A) reconciliation directives described in section 310;

[(A)] *(B)* a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

[(B)] *(C)* an allocation of the level of Federal revenues recommended in the resolution among the major sources of such revenues;

[(C) information, data, and comparisons on the share of total Federal budget outlays and of gross domestic product devoted to investment in the budget submitted by the President and in the resolution;

[(D) the assumed levels of budget authority and outlays for public buildings, with a division between amounts for construction and repair and for rental payments; and]

[(E)] *(D)* other matters, relating to the budget and to fiscal policy, that the committee deems appropriate.

(f) ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.—

(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the [concurrent] *joint* resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or in its most recent action pursuant to this paragraph, the [concurrent] *joint* resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

* * * * * * *

(g) ECONOMIC ASSUMPTIONS.—

(1) It shall not be in order in the Senate to consider any [concurrent] *joint* resolution on the budget for a fiscal year, or any amendment thereto, or any conference report thereon, that sets forth amounts and levels that are determined on the basis of more than one set of economic and technical assumptions.

(2) The joint explanatory statement accompanying a conference report on a [concurrent] *joint* resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based, or upon which any amendment contained in the joint explanatory statement to be proposed by the conferees in the case of technical disagreement, is based.

(3) Subject to periodic reestimation based on changed economic conditions or technical estimates, determinations under titles III and IV of the Congressional Budget Act of 1974 shall be based upon such common economic and technical assumptions.

* * * * * * *

(i) SOCIAL SECURITY POINT OF ORDER.—It shall not be in order in the Senate to consider any [concurrent] *joint* resolution on the budget (or amendment, motion, or conference report on the resolution) that would decrease the excess of social security revenues over social security outlays in any of the fiscal years covered by the [concurrent] *joint* resolution. No change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues unless such provision changes the income tax treatment of social security benefits.

COMMITTEE ALLOCATIONS

SEC. 302. (a) COMMITTEE SPENDING ALLOCATIONS.—

(1) ALLOCATION AMONG COMMITTEES.—The joint explanatory statement accompanying a conference report on a [concurrent] *joint* resolution on the budget shall include an allocation, consistent with the resolution recommended in the conference report, of the levels for the first fiscal year of the resolution, for at least each of the ensuing 4 fiscal years, and a total for that period of fiscal years (except in the case of the Committee

on Appropriations only for the fiscal year of that resolution) of—

(A) * * *

* * * * * * *

[(5) ADJUSTING ALLOCATION OF DISCRETIONARY SPENDING IN THE HOUSE OF REPRESENTATIVES.—(A) If a concurrent resolution on the budget is not adopted by April 15, the chairman of the Committee on the Budget of the House of Representatives shall submit to the House, as soon as practicable, an allocation under paragraph (1) to the Committee on Appropriations consistent with the discretionary spending levels in the most recently agreed to concurrent resolution on the budget for the appropriate fiscal year covered by that resolution.

[(B) As soon as practicable after an allocation under paragraph (1) is submitted under this section, the Committee on Appropriations shall make suballocations and report those suballocations to the House of Representatives.]

(5) JUSTIFICATION OF CERTAIN SPENDING ALLOCATIONS.—The joint explanatory statement accompanying a conference report on a joint resolution on the budget that includes any allocation to a committee (other than the Committee on Appropriations) of levels in excess of current law levels shall set forth a justification for not subjecting any program, project, or activity (for which the allocation is made) to annual discretionary appropriation.

(6) ADJUSTMENT OF ALLOCATIONS.—Upon the engrossment of Senate amendments to any appropriation bill (as defined in section 318(d)) for a fiscal year, the amounts allocated under paragraph (1) to the Committee on Appropriations of each House upon the adoption of the most recent joint resolution on the budget for that fiscal year shall be adjusted downward by the amounts credited to the applicable Joint House-Senate Lock-box Balance under section 318(c)(2). The revised levels of new budget authority and outlays shall be submitted to each House by the chairman of the Committee on the Budget of that House and shall be printed in the Congressional Record.

(b) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—As soon as practicable after a [concurrent] *joint* resolution on the budget is [agreed to] *enacted*, the Committee on Appropriations of each House (after consulting with the Committee on Appropriations of the other House) shall suballocate each amount allocated to it for the budget year under subsection (a) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this subsection. The Committee on Appropriations of the House of Representatives shall further divide among its subcommittees the divisions made under subsection (a)(3)(B) and promptly report those divisions to the House. *Whenever an adjustment is made under subsection (a)(6) to an allocation under that subsection, the Committee on Appropriations of each House shall make downward adjustments in the most recent suballocations of new budget authority and outlays under this subparagraph to the appropriate subcommittees of that committee in the total amounts of those adjustments under section 318(c)(2). The revised suballocations shall be submitted to each*

House by the chairman of the Committee on Appropriations of that House and shall be printed in the Congressional Record.

* * * * * * *

(d) SUBSEQUENT [CONCURRENT[*JOINT RESOLUTIONS*.—In the case of a [concurrent] *joint* resolution on the budget referred to in section 304, the allocations under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the [most recently agreed to concurrent resolution on the budget] *most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)*.

* * * * * * *

(f) LEGISLATION SUBJECT TO POINT OF ORDER.—

(1) * * *

(2) IN THE SENATE.—After a [concurrent] *joint* resolution on the budget is [agreed to] *enacted*, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause—

(A) * * *

* * * * * * *

(g) PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.—

(1) IN GENERAL.—(A) Subsection (f)(1) [and, after April 15, section 303(a)] shall not apply to any bill or joint resolution, as reported, amendment thereto, or conference report thereon if, for each fiscal year covered by the [most recently agreed to concurrent resolution on the budget] *most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)*—

(i) * * *

* * * * * * *

would not increase the deficit, and, if the sum of any revenue increases provided in legislation already enacted during the current session (when added to revenue increases, if any, in excess of any outlay increase provided by the legislation proposed for consideration) is at least as great as the sum of the amount, if any, by which the aggregate level of Federal revenues should be increased as set forth in that [concurrent] *joint* resolution and the amount, if any, by which revenues are to be increased pursuant to pay-as-you-go procedures under section 301(b)(8), if included in that [concurrent] *joint* resolution.

(B) Section 311(a), as that section applies to revenues, shall not apply to any bill, joint resolution, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently [agreed to concurrent] *enacted joint* resolution on the budget—

(i) * * *

* * * * * * *

would not increase the deficit, and, if the sum of any outlay reductions provided in legislation already enacted during the current session (when added to outlay reductions, if any, in excess of any revenue reduction provided by the legislation proposed

for consideration) is at least as great as the sum of the amount, if any, by which the aggregate level of Federal outlays should be reduced as required by that [concurrent] *joint* resolution and the amount, if any, by which outlays are to be reduced pursuant to pay-as-you-go procedures under section 301(b)(8), if included in that [concurrent] *joint* resolution.

(2) REVISED ALLOCATIONS.—(A) * * *

(B) Such revised allocations, functional levels, and budget aggregates shall be considered for the purposes of this Act as allocations, functional levels, and budget aggregates contained in the [most recently agreed to concurrent resolution on the budget] *most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)*.

[CONCURRENT JOINT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE BUDGET-RELATED LEGISLATION IS CONSIDERED]

CONSIDERATION OF BUDGET-RELATED LEGISLATION BEFORE BUDGET BECOMES LAW

SEC. 303. (a) IN GENERAL.—Until the [concurrent] *joint* resolution on the budget for a fiscal year has been [agreed to] *enacted*, it shall not be in order in the House of Representatives, with respect to the first fiscal year covered by that resolution, or the Senate, with respect to any fiscal year covered by that resolution, to consider any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

(1) * * *

* * * * * * *

(b) EXCEPTIONS IN THE HOUSE.— In the House of Representatives, subsection (a) does not apply—

(1)[(A)] to any bill or joint resolution, as reported, providing advance discretionary new budget authority that first becomes available for the first or second fiscal year after the budget year; *or*

[(B)] *(2)* to any bill or joint resolution, as reported, first increasing or decreasing revenues in a fiscal year following the fiscal year to which the [concurrent] *joint* resolution applies[;].

[(2) after May 15, to any general appropriation bill or amendment thereto; or

[(3) to any bill or joint resolution unless it is reported by a committee.]

(c) APPLICATION TO APPROPRIATION MEASURES IN THE SENATE.—

(1) IN GENERAL.—Until the [concurrent] *joint* resolution on the budget for a fiscal year has been [agreed to] *enacted* and an allocation has been made to the Committee on Appropriations of the Senate under section 302(a) for that year, it shall not be in order in the Senate to consider any appropriation bill or joint resolution, amendment or motion thereto, or conference report thereon for that year or any subsequent year.

* * * * * * *

[PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET

[SEC. 304. At any time after the concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises or reaffirms the concurrent resolution on the budget for such fiscal year most recently agreed to.]

PERMISSIBLE REVISIONS OF BUDGET RESOLUTIONS

SEC. 304. At any time after the joint resolution on the budget for a fiscal year has been enacted pursuant to section 301, and before the end of such fiscal year, the two Houses and the President may enact a joint resolution on the budget which revises or reaffirms the joint resolution on the budget for such fiscal year most recently enacted. If a concurrent resolution on the budget has been agreed to pursuant to section 316, then before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises or reaffirms the concurrent resolution on the budget for such fiscal year most recently agreed to.

PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

(1) When a [concurrent] *joint* resolution on the budget has been reported by the Committee on the Budget of the House of Representatives and has been referred to the appropriate calendar of the House, it shall be in order on any day thereafter, subject to clause 2(l)(6) of rule XI of the Rules of the House of Representatives, to move to proceed to the consideration of the [concurrent] *joint* resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) General debate on any [concurrent] *joint* resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties, plus such additional hours of debate as are consumed pursuant to paragraph (3). A motion further to limit debate is not debatable. A motion to recommit the [concurrent] *joint* resolution is not in order, and it is not in order to move to reconsider the vote by which the [concurrent] *joint* resolution is agreed to or disagreed to.

(3) Following the presentation of opening statements on the [concurrent] *joint* resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Only if a [concurrent] *joint* resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and (4)(b) of the Full Employment Act of 1946) which the esti-

mates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) Consideration of any [concurrent] *joint* resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be considered for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

(6) Debate in the House of Representatives on the conference report on any [concurrent] *joint* resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(7) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any [concurrent] *joint* resolution on the budget shall be decided without debate.

(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; DEBATE; AMENDMENTS.—

(1) Debate in the Senate on any [concurrent] *joint* resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any [concurrent] *joint* resolution referred to in section 304(a) all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a [concurrent] *joint* resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the [concurrent] *joint* resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the [concurrent] *joint* resolution, except that in the event the manager of the [concurrent] *joint* resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his des-

ignee. No amendment that is not germane to the provisions of such [concurrent] *joint* resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the [concurrent] *joint* resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) Following the presentation of opening statements on the [concurrent] *joint* resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Subject to the other limitations of this Act, only if a [concurrent] *joint* resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the [concurrent] *joint* resolution.

(6) Notwithstanding any other rule, an amendment or series of amendments to a [concurrent] *joint* resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such [concurrent] *joint* resolution so as to make such [concurrent] *joint* resolution mathematically consistent or so as to maintain such consistency.

(c) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

(1) A motion to proceed to the consideration of the conference report on any [concurrent] *joint* resolution on the budget (or a reconciliation bill or resolution) may be made even though a previous motion to the same effect has been disagreed to.

(2) During the consideration in the Senate of the conference report (or a message between Houses) on any [concurrent] *joint* resolution on the budget, and all amendments in disagreement, and all amendments thereto, and debatable motions and appeals in connection therewith, debate shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report (or a message between Houses) shall be limited to 1 hour, to be equally divided between, and controlled by, the

mover and the manager of the conference report (or a message between Houses).

* * * * * * *

(d) [CONCURRENT] *JOINT* Resolution Must be Consistent in the Senate.—It shall not be in order in the Senate to vote on the question of agreeing to—

(1) a [concurrent] *joint* resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

(2) a conference report on a [concurrent] *joint* resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

(e) LIMITATION ON CONTENTS.—(1) It shall not be in order in the House of Representatives or in the Senate to consider any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter referred to in paragraph (2).

(2) Any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter not permitted in section 301(a) or (b) shall not be treated in the House of Representatives or the Senate as a budget resolution under subsection (a) or (b) or as a conference report on a budget resolution under subsection (c) of this section.

(f) POINT OF ORDER REGARDING EMERGENCY RESERVE FUNDS.—It shall not be in order in the House of Representatives or in the Senate to consider an amendment to a joint resolution on the budget which changes the amount of budget authority and outlays set forth in section 301(a)(4) for emergency reserve fund.

LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEES

SEC. 306. No bill, resolution, amendment, motion, or conference report, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution. *No amendment reported by the Committee on the Budget (or from the consideration of which such committee has been discharged) pursuant to section 317(c) may be amended.*

* * * * * * *

REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.—

(1) Whenever a committee of either House reports to its House a bill or joint resolution, or committee amendment thereto, providing new budget authority (other than continuing appropriations) or providing an increase or decrease in revenues or tax expenditures for a fiscal year (or fiscal years), the

report accompanying that bill or joint resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment which is not reported to its House, prepared after consultation with the Director of the Congressional Budget Office—

(A) comparing the levels in such measure to the appropriate allocations in the reports submitted under section 302(b) for the [most recently agreed to concurrent resolution on the budget] *most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)* for such fiscal year (or fiscal years);

(B) containing a projection by the Congressional Budget Office of how such measure will affect the levels of such budget authority, budget outlays, revenues, or tax expenditures under existing law for such fiscal year (or fiscal years) and each of the [four] *nine* ensuing fiscal years, *and shall include a comparison of those levels to comparable levels for the current fiscal year* if timely submitted before such report is filed; and

* * * * * * *

(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTION.—

(1) The Director of the Congressional Budget Office shall issue to the committees of the House of Representatives and the Senate reports on at least a monthly basis detailing and tabulating the progress of congressional action on bills and joint resolutions providing new budget authority or providing an increase or decrease in revenues or tax expenditures for each fiscal year covered by a [concurrent] *joint* resolution on the budget. Such reports shall include but are not limited to an up-to-date tabulation comparing the appropriate aggregate and functional levels (including outlays) included in the most recently adopted [concurrent] *joint* resolution on the budget with the levels provided in bills and joint resolutions reported by committees or adopted by either House or by the Congress, and with the levels provided by law for the fiscal year preceding the first fiscal year covered by the appropriate [concurrent] *joint* resolution. *Such reports shall also include an up-to-date tabulation of the amounts contained in the ledger and each entry established by section 318(a).*

(2) The Committee on the Budget of each House shall make available to Members of its House summary budget scorekeeping reports. Such reports—

(A) shall be made available on at least a monthly basis, but in any case frequently enough to provide Members of each House an accurate representation of the current status of congressional consideration of the budget;

(B) shall include, but are not limited to summaries of tabulations provided under subsection (b)(1); [and]

(C) shall be based on information provided under subsection (b)(1) without substantive revision[.]*; and*

(D) shall include an up-to-date tabulation of amounts remaining in the reserve funds for emergencies.

The chairman of the Committee on the Budget of the House of Representatives shall submit such reports to the Speaker.

* * * * * * *

RECONCILIATION

SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN [CONCURRENT] *JOINT EXPLANATORY STATEMENT ACCOMPANYING CONFERENCE REPORT ON JOINT* Resolutions on the Budget.—[A] *The joint explanatory statement accompanying the conference report on a* [concurrent] *joint* resolution on the budget for any fiscal year, to the extent necessary to effectuate the provisions and requirements of such resolution, shall—

(1) * * *

* * * * * * *

(b) LEGISLATIVE PROCEDURE.—[If] *If the joint explanatory statement accompanying the conference report on* a [concurrent] *joint* resolution containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions is [agreed to] *enacted* in accordance with subsection (a), and—

(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House reconciliation legislation containing such recommendations; or

(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such make in order amendments to achieve changes specified by reconciliation directives contained in a [concurrent] *joint* resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

(c) COMPLIANCE WITH RECONCILIATION DIRECTIONS.—(1) Any committee of the House of Representatives or the Senate that is directed, pursuant to *the joint explanatory statement accompanying the conference report on* a [concurrent] *joint* resolution on the budget, to determine and recommend changes of the type described in paragraphs (1) and (2) of subsection (a) with respect to laws within its jurisdiction, shall be deemed to have complied with such directions—

(A) if—

(i) the amount of the changes of the type described in paragraph (1) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such [concurrent] *joint* resolution to recommend under that paragraph by more than—

(I) * * *

* * * * * * *

(ii) the amount of the changes of the type described in paragraph (2) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such [concurrent] *joint* resolution to recommend under that paragraph by more than—

(I) * * *

* * * * * * *

(2)(A) * * *

* * * * * * *

(C) Allocations, functional levels, and aggregates revised pursuant to this paragraph shall be considered to be allocations, functional levels, and aggregates contained in the [concurrent] *joint* resolution on the budget pursuant to section 301.

(D) Upon the filing of revised allocations pursuant to this paragraph, the reporting committee shall report revised allocations pursuant to section 302(b) to carry out this subsection.

(d) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.—

(1) It shall not be in order in the House of Representatives to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution (for the fiscal years covered by the reconciliation instructions set forth in the [most recently agreed to concurrent resolution on the budget] *most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)*), or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution (for such fiscal years), unless such amendment makes at least an equivalent reduction in other specific budget outlays, an equivalent increase in other specific Federal revenues, or an equivalent combination thereof (for such fiscal years), except that a motion to strike a provision providing new budget authority or new entitlement authority may be in order.

* * * * * * *

(5) The Committee on Rules of the House of Representatives may make in order amendments to achieve changes specified by reconciliation directives contained in a [concurrent] *joint* resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

(e) PROCEDURE IN THE SENATE.—

(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of [concurrent] *joint* resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconcili-

ation bills reported under subsection (b) and conference reports thereon.

* * * * * * *

(f) COMPLETION OF RECONCILIATION PROCESS.—It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation for the fiscal year beginning on October 1 of the calendar year to which the adjournment resolution pertains, if reconciliation legislation is required to be reported by the [concurrent] *joint* resolution on the budget for such fiscal year.

[(g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304, or a joint resolution pursuant to section 258C of the Balanced Budget and Emergency Deficit Control Act of 1985, or any amendment thereto or conference report thereon, that contains recommendations with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act.]

BUDGET-RELATED LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

SEC. 311. (a) ENFORCEMENT OF BUDGET AGGREGATES.—

(1) IN THE HOUSE OF REPRESENTATIVES.—Except as provided by subsection (c), after the Congress has completed action on a [concurrent] *joint* resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, joint resolution, amendment, motion, or conference report providing new budget authority or reducing revenues, if—

(A) the enactment of that bill or resolution as reported;

(B) the adoption and enactment of that amendment; or

(C) the enactment of that bill or resolution in the form recommended in that conference report;

would cause the level of total new budget authority or total outlays set forth in the applicable [concurrent] *joint* resolution on the budget for the first fiscal year to be exceeded, or would cause revenues to be less than the level of total revenues set forth in that [concurrent] *joint* resolution for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a), except when a declaration of war by the Congress is in effect.

(2) IN THE SENATE.—After a [concurrent] *joint* resolution on the budget is [agreed to] *enacted*, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that—

(A) * * *

* * * * * * *

(3) ENFORCEMENT OF SOCIAL SECURITY LEVELS IN THE SENATE.—After a [concurrent] *joint* resolution on the budget is [agreed to] *enacted*, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause a decrease in social security surpluses or an increase in social security deficits relative to the levels set forth in the applicable resolution for the first fiscal year or for the total of that fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a).

* * * * * * *

DETERMINATIONS AND POINTS OF ORDER

SEC. 312. (a) * * *

* * * * * * *

(c) MAXIMUM DEFICIT AMOUNT POINT OF ORDER IN THE SENATE.—It shall not be in order in the Senate to consider any [concurrent] *joint* resolution on the budget for a fiscal year, or to consider any amendment to that [concurrent] *joint* resolution, or to consider a conference report on that [concurrent] *joint* resolution, if—

(1) the level of total outlays for the first fiscal year set forth in that [concurrent] *joint* resolution or conference report exceeds; or

* * * * * * *

(e) POINTS OF ORDER IN THE SENATE AGAINST AMENDMENTS BETWEEN THE HOUSES.—Each provision of this Act*, except for section 313,* that establishes a point of order against an amendment also establishes a point of order in the Senate against an amendment between the Houses. If a point of order under this Act is raised in the Senate against an amendment between the Houses and the point of order is sustained, the effect shall be the same as if the Senate had disagreed to the amendment.

* * * * * * *

EXTRANEOUS MATTER IN RECONCILIATION LEGISLATION

SEC. 313. (a) * * *

* * * * * * *

(c) EXTRANEOUS MATERIALS.—Upon the reporting or discharge of a reconciliation bill or resolution pursuant to section 310 in the Senate, [and again upon the submission of a conference report on such a reconciliation bill or resolution,] the Committee on the Budget of the Senate shall submit for the record a list of material considered to be extraneous under subsections (b)(1)(A), (b)(1)(B), and (b)(1)(E) of this section to the instructions of a committee as provided in this section. The inclusion or exclusion of a provision shall not constitute a determination of extraneousness by the Presiding Officer of the Senate.

[(d) CONFERENCE REPORTS.—When the Senate is considering a conference report on, or an amendment between the Houses in relation to, a reconciliation bill or reconciliation resolution pursuant to section 310, upon—

[(1) a point of order being made by any Senator against extraneous material meeting the definition of subsections (b)(1)(A), (b)(1)(B), (b)(1)(D), (b)(1)(E), or (b)(1)(F), and

[(2) such point of order being sustained,

such material contained in such conference report or amendment shall be deemed stricken, and the Senate shall proceed, without intervening action or motion, to consider the question of whether the Senate shall recede from its amendment and concur with a further amendment, or concur in the House amendment with a further amendment, as the case may be, which further amendment shall consist of only that portion of the conference report or House amendment, as the case may be, not so stricken. Any such motion in the Senate shall be debatable for two hours. In any case in which such point of order is sustained against a conference report (or Senate amendment derived from such conference report by operation of this subsection), no further amendment shall be in order.]

[(e)] *(d)* GENERAL POINT OF ORDER.—Notwithstanding any other law or rule of the Senate, it shall be in order for a Senator to raise a single point of order that several provisions of a bill, resolution, amendment[, motion, or conference report], *or motion* violate this section. The Presiding Officer may sustain the point of order as to some or all of the provisions against which the Senator raised the point of order. If the Presiding Officer so sustains the point of order as to some of the provisions (including provisions of an amendment[, motion, or conference report] *or motion*) against which the Senator raised the point of order, then only those provisions (including provisions of an amendment[, motion, or conference report] *or motion*) against which the Presiding Officer sustains the point of order shall be deemed stricken pursuant to this section. Before the Presiding Officer rules on such a point of order, any Senator may move to waive such a point of order as it applies to some or all of the provisions against which the point of order was raised. Such a motion to waive is amendable in accordance with the rules and precedents of the Senate. After the Presiding Officer rules on such a point of order, any Senator may appeal the ruling of the Presiding Officer on such a point of order as it applies to some or all of the provisions on which the Presiding Officer ruled.

ADJUSTMENTS

SEC. 314. (a) ADJUSTMENTS.—

(1) * * *

(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to—

(A) the discretionary spending limits, if any, set forth in the appropriate [concurrent] *joint* resolution on the budget;

(B) the allocations made pursuant to the appropriate [concurrent] *joint* resolution on the budget pursuant to section 302(a); and

(C) the budgetary aggregates as set forth in the appropriate [concurrent] *joint* resolution on the budget.

(b) AMOUNTS OF ADJUSTMENTS.—The adjustment referred to in subsection (a) shall be—

[(1) an amount provided and designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985;]

[(2)] *(1)* an amount provided for continuing disability reviews subject to the limitations in section 251(b)(2)(C) of that Act;

[(3)] *(2)* for any fiscal year through 2002, an amount provided that is the dollar equivalent of the Special Drawing Rights with respect to—

(A) * * *

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[(4)] *(3)* an amount provided not to exceed $1,884,000,000 for the period of fiscal years 1998 through 2000 for arrearages for international organizations, international peacekeeping, and multilateral development banks;

[(5)] *(4)* an amount provided for an earned income tax credit compliance initiative but not to exceed—

(A) * * *

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(E) with respect to fiscal year 2002, $146,000,000 in new budget authority; [or]

[(6)] *(5)* in the case of an amount for adoption incentive payments (as defined in section 251(b)(2)(G) of the Balanced Budget and Emergency Deficit Control Act of 1985) for fiscal year 1999, 2000, 2001, 2002, or 2003 for the Department of Health and Human Services, an amount not to exceed $20,000,000[.]*; or*

(6) the amount provided in an Act making discretionary appropriations for the program for which an offset was designated pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 and any outlays flowing therefrom, but not to exceed the amount of the designated decrease in direct spending for that year for that program in a prior law.

* * * * * * *

(d) [REPORTING] REVISED SUBALLOCATIONS.—Following any adjustment made under subsection (a), *the chairmen of* the Committees on Appropriations of the Senate and the House of Representatives [may report] *shall make and have published in the Congressional Record* appropriately revised suballocations under section 302(b) to carry out this section. *For purposes of considering amendments (other than for amounts for emergencies covered by subsection (b)(1)), suballocations shall be deemed to be so adjusted.*

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(f) ADJUSTMENT IN AUTHORIZING COMMITTEE'S ALLOCATIONS BY AMOUNT OF DIRECT SPENDING OFFSET.—After the reporting of a bill or joint resolution (by a committee other than the Committee on Appropriations), or the offering of an amendment thereto or the submission of a conference report thereon, that contains a provision that decreases direct spending for any fiscal year and that is designated as an offset pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985, the chairman of the Committee on the Budget shall reduce the allocations of new budget authority and outlays made to such committee under section 302(a)(1) by the amount so designated.

EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES

SEC. 315. For purposes of a [reported] bill or joint resolution considered in the House of Representatives pursuant to a special order of business, the term "as reported" in this title or title IV shall be considered to refer to the text made in order as an original bill or joint resolution for the purpose of amendment or to the text on which the previous question is ordered directly to passage, as the case may be.

EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET

SEC. 316. (a) SPECIAL RULE.—If the President vetoes a joint resolution on the budget for a fiscal year, the majority leader of the House of Representatives or Senate (or his designee) may introduce a concurrent resolution on the budget or joint resolution on the budget for such fiscal year. If the Committee on the Budget of either House fails to report such concurrent or joint resolution referred to it within five calendar days (excluding Saturdays, Sundays, or legal holidays except when that House of Congress is in session) after the date of such referral, the committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar.

(b) PROCEDURE IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.—

(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the House of Representatives and in the Senate of joint resolutions on the budget and conference reports thereon shall also apply to the consideration of concurrent resolutions on the budget introduced under subsection (a) and conference reports thereon.

(2) Debate in the Senate on any concurrent resolution on the budget or joint resolution on the budget introduced under subsection (a), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours and in the House such debate shall be limited to not more than 3 hours.

(c) CONTENTS OF CONCURRENT RESOLUTIONS.—Any concurrent resolution on the budget introduced under subsection (a) shall be in compliance with section 301.

(d) EFFECT OF CONCURRENT RESOLUTION ON THE BUDGET.—Notwithstanding any other provision of this title, whenever a con-

current resolution on the budget described in subsection (a) is agreed to, then the aggregates, allocations, and reconciliation directives (if any) contained in the report accompanying such concurrent resolution or in such concurrent resolution shall be considered to be the aggregates, allocations, and reconciliation directives for all purposes of sections 302, 303, and 311 for the applicable fiscal years and such concurrent resolution shall be deemed to be a joint resolution for all purposes of this title and the Rules of the House of Representatives and any reference to the date of enactment of a joint resolution on the budget shall be deemed to be a reference to the date agreed to when applied to such concurrent resolution.

EMERGENCIES

SEC. 317. (a) ADJUSTMENTS.—

(1) IN GENERAL.—After the reporting of a bill or joint resolution or the submission of a conference report thereon that provides budget authority for any emergency as identified pursuant to subsection (d)—

(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 204 of the Comprehensive Budget Process Reform Act of 1999, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(12); and

(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate joint resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

(b) RESERVE FUNDS FOR EMERGENCIES.—

(1) AMOUNTS.—The amount set forth in the reserve fund for emergencies for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

(A) the average of the enacted levels of budget authority for emergencies in the 5 fiscal years preceding the current year; and

(B) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in subparagraph (A), but only in the fiscal year for which such budget authority first becomes available for obligation.

(2) AVERAGE LEVELS.—For purposes of paragraph (1), the amount used for a fiscal year to calculate the average of the enacted levels when one or more of such 5 preceding fiscal years is any of fiscal years 1994 through 1998 is as follows: the amount of enacted levels of budget authority and the amount of new outlays flowing therefrom for emergencies, but only in the fiscal year for which such budget authority first becomes available for obligation for each of such 5 fiscal years, which shall

be determined by the Committees on the Budget of the House of Representatives and the Senate after receipt of a report on such matter transmitted to such committees by the Director of the Congressional Budget Office 6 months after the date of enactment of this section and thereafter in February of each calendar year.

(c) EMERGENCIES IN EXCESS OF AMOUNTS IN RESERVE FUND.—Whenever the Committee on Appropriations or any other committee reports any bill or joint resolution that provides budget authority for any emergency and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause—

(1) in the case of the Committee on Approrpiations, the total amount of budget authority or outlays provided for emergencies for the budget year; or

(2) in the case of any other committee, the total amount of budget authority or outlays provided for emergencies for the budget year or the total of the fiscal years;

in the joint resolution on the budget (pursuant to section 301(a)(4)) to be exceeded:

(A) Such bill or joint resolution shall be referred to the Committee on the Budget of the House or the Senate, as the case may be, with instructions to report it without amendment, other than that specified in subparagraph (B), within 5 legislative days of the day in which it is reported from the originating committee. If the Committee on the Budget of either House fails to report a bill or joint resolution referred to it under this subparagraph within such 5-day period, the committee shall be automatically discharged from further consideration of such bill or joint resolution and such bill or joint resolution shall be placed on the appropriate calendar.

(B) An amendment to such a bill or joint resolution referred to in this subsection shall only consist of an exemption from section 251 or 252 (as applicable) of the Balanced Budget and Emergency Deficit Control Act of 1985 of all or any part of the provisions that provide budget authority (and the outlays flowing therefrom) for such emergency if the committee determines, pursuant to the guidelines referred to in section 204 of the Comprehensive Budget Process Reform Act of 1999, that such budget authority is for an emergency within the meaning of section 3(12).

(C) If such a bill or joint resolution is reported with an amendment specified in subaragraph (B) by the Committee on the Budget of the House of Representatives or the Senate, then the budget authority and resulting outlays that are the subject of such amendment shall not be included in any determinations under section 302(f) or 311(a) for any bill, joint resolution, amendment, motion, or conference report.

(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emer-

gency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 204 of the Comprehensive Budget Process Reform Act of 1999.

SPENDING ACCOUNTABILITY LOCK-BOX LEDGER

SEC. 318. (a) ESTABLISHMENT OF LEDGER.—The chairman of the Committee on the Budget of the House of Representatives and the chairman on the Committee on the Budget of the Senate shall each maintain a ledger to be known as the "Spending Accountability Lock-box Ledger". The Ledger shall be divided into entries corresponding to the subcommittees of the Committees on Appropriations. Each entry shall consist of three components: the "House Lock-box Balance"; the "Senate Lock-box Balance"; and the "Joint House-Senate Lock-box Balance".

(b) COMPONENTS OF LEDGER.—Each component in an entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

(c) CREDIT OF AMOUNTS TO LEDGER.—(1) In the House of Representatives or the Senate, whenever a Member offers an amendment to an appropriation bill to reduce new budget authority in any account, that Member may state the portion of such reduction that shall be—

(A) credited to the House or Senate Lock-box Balance, as applicable; or

(B) used to offset an increase in new budget authority in any other account;

(C) allowed to remain within the applicable section 302(b) suballocation.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the House or Senate Lock-box Balance, as applicable, if the amendment is agreed to.

(2)(A) Except as provided by subparagraph (B), the chairmen of the Committees on the Budget shall, upon the engrossment of any appropriation bill by the House of Representatives and upon the engrossment of Senate amendments to that bill, credit to the applicable entry balance of that House amounts of new budget authority and outlays equal to the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by that House to that bill.

(B) When computing the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the House of Representatives or the Senate to an appropriation bill, the chairmen of the Committees on the Budget shall only count those portions of such amendments agreed to that were so designated by the Members offering such amendments as amounts to be credited to the House or Senate Lock-box Balance, as applicable, or that fall within the last sentence of paragraph (1).

(3) The chairmen of the Committees on the Budget shall, upon the engrossment of Senate amendments to any appropriation bill, credit to the applicable Joint House-Senate Lock-box Balance the amounts of new budget authority and outlays equal to—

(A) an amount equal to one-half of the sum of (i) the amount of new budget authority in the House Lock-box Balance plus (ii) the amount of new budget authority in the Senate Lock-box Balance for that subcommittee; and

(B) an amount equal to one-half of the sum of (i) the amount of outlays in the House Lock-box Balance plus (ii) the amount of outlays in the Senate Lock-box Balance for that subcommittee.

(4) CALCULATION OF LOCK-BOX SAVINGS IN SENATE.—For purposes of calculating under this section the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the Senate on an appropriation bill, the amendments reported to the Senate by its Committee on Appropriations shall be considered to be part of the original text of the bill.

(d) DEFINITION.—As used in this section, the term "appropriation bill" means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

(e) TALLY DURING HOUSE CONSIDERATION.—The chairman of the Committee on the Budget of the House of Representatives shall maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported. This tally shall be available to Members in the House of Representatives during consideration of any appropriations bill by the House.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

PART A—GENERAL PROVISIONS

[BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS]

FIXED-YEAR AUTHORIZATIONS REQUIRED FOR DIRECT SPENDING

SEC. 401. [(a) CONTROLS ON CERTAIN BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides—

[(1) new authority to enter into contracts under which the United States is obligated to make outlays;

[(2) new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable; or

[(3) new credit authority;

unless that bill, joint resolution, amendment, motion, or conference report also provides that the new authority is to be effective for any fiscal year only to the extent or in the amounts provided in advance in appropriation Acts.

[(b) LEGISLATION PROVIDING NEW ENTITLEMENT AUTHORITY.—

[(1) POINT OF ORDER.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides new entitlement authority that is to become effective during the current fiscal year.

[(2) If any committee of the House of Representatives or the Senate reports any bill or resolution which provides new entitlement authority which is to become effective during a fiscal year and the amount of new budget authority which will be required for such fiscal year if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution shall then be referred to the Committee on Appropriations of the Senate or may then be referred to the Committee on Appropriations of the House, as the case may be, with instructions to report it, with the committee's recommendations, within 15 calendar days (not counting any day on which that House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations of either House fails to report a bill or resolution referred to it under this paragraph within such 15–day period, the committee shall automatically be discharged from further consideration of such bill or resolution and such bill or resolution shall be placed on the appropriate calendar.

[(3) The Committee on Appropriations of each House shall have jurisdiction to report any bill or resolution referred to it under paragraph (2) with an amendment which limits the total amount of new spending authority provided in such bill or resolution.]

(a) LIMITATION ON DIRECT SPENDING.—It shall not be in order in the House of Representatives or in the Senate to consider a bill or joint resolution, or an amendment, motion, or conference report that provides direct spending for a new program, unless such spending is limited to a period of 10 or fewer fiscal years.

[(c)] *(b)* EXCEPTIONS.—

(1) [Subsections (a) and (b)] *Subsection (a)* shall not apply to new spending authority if the budget authority for outlays which will result from such new spending authority is derived—

(A) * * *

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(2) [Subsections (a) and (b)] *Subsection (a)* shall not apply to new authority described in those subsections to the extent that—

(A) * * *

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ANALYSIS BY CONGRESSIONAL BUDGET OFFICE

SEC. 402. The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution

of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), *or conference report thereon,* and submit to such committee—

(1) an estimate of the costs which would be incurred in carrying out such [bill or resolution] *bill, joint resolution, or conference report* in the fiscal year in which it is to become effective and in each of the [4] *nine* fiscal years following such fiscal year, together with the basis for each such estimate;

(2) a comparison of the estimates of costs described in paragraph (1), with any available estimates of costs made by such committee or by any Federal agency; [and]

(3) a description of each method for establishing a Federal financial commitment contained in such bill or resolution[.]*; and*

(4) A determination of whether such bill, joint resolution, or conference report provides direct spending.

The estimates, comparison, and description so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed*, or in the case of a conference report, shall be included in the joint explanatory statement of managers accompanying such conference report if timely submitted before such report is filed*.

* * * * * * *

STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS

SEC. 404. The General Accounting Office shall study those provisions of law which provide mandatory spending and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. [Such report shall be revised from time to time.] *Such report shall be revised at least once every five years and shall be transmitted to the chairman and ranking minority member of each committee of the House of Representatives and the Senate.*

OFF-BUDGET AGENCIES, PROGRAMS, AND ACTIVITIES

SEC. 405. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for activities of the Federal budget which are off-budget immediately prior to the date of enactment of this section, not including activities of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a [concurrent] *joint* resolution on the budget reported pursuant to section 301 or section 304 of this Act and shall be considered, for purposes of this Act, budget authority, outlays, and spending authority in accordance with definitions set forth in this Act.

* * * * * * *

TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

SEC. 601. SHORT TITLE.

This title may be cited as the "Federal Insurance Budgeting Act of 1999".

SEC. 602. BUDGETARY TREATMENT.

(a) PRESIDENT'S BUDGET.—Beginning with fiscal year 2006, the budget of the Government pursuant to section 1105(a) of title 31, United States Code, shall be based on the risk-assumed cost of Federal insurance programs.

(b) BUDGET ACCOUNTING.—For any Federal insurance program—

(1) the program account shall—

(A) pay the risk-assumed cost borne by the taxpayer to the financing account, and

(B) pay actual insurance program administrative costs;

(2) the financing account shall—

(A) receive premiums and other income,

(B) pay all claims for insurance and receive all recoveries,

(C) transfer to the program account on not less than an annual basis amounts necessary to pay insurance program administrative costs;

(3) a negative risk-assumed cost shall be transferred from the financing account to the program account, and shall be transferred from the program account to the general fund; and

(4) all payments by or receipts of the financing accounts shall be treated in the budget as a means of financing.

(c) APPROPRIATIONS REQUIRED.—(1) Notwithstanding any other provision of law, insurance commitments may be made for fiscal year 2006 and thereafter only to the extent that new budget authority to cover their risk-assumed cost is provided in advance in an appropriation Act.

(2) An outstanding insurance commitment shall not be modified in a manner that increases its risk-assumed cost unless budget authority for the additional cost has been provided in advance.

(3) Paragraph (1) shall not apply to Federal insurance programs that constitute entitlements.

(d) REESTIMATES.—The risk-assumed cost for a fiscal year shall be reestimated in each subsequent year. Such reestimate can equal zero. In the case of a positive reestimate, the amount of the reestimate shall be paid from the program account to the financing account. In the case of a negative reestimate, the amount of the reestimate shall be paid from the financing account to the program account, and shall be transferred from the program account to the general fund. Reestimates shall be displayed as a distinct and separately identified subaccount in the program account.

(e) ADMINISTRATIVE EXPENSES.—All funding for an agency's administration of a Federal insurance program shall be displayed as a distinct and separately identified subaccount in the program account.

SEC. 603. TIMETABLE FOR IMPLEMENTATION OF ACCRUAL BUDGETING FOR FEDERAL INSURANCE PROGRAMS.

(a) AGENCY REQUIREMENTS.—Agencies with responsibility for Federal insurance programs shall develop models to estimate their risk-assumed cost by year through the budget horizon and shall submit those models, all relevant data, a justification for critical assumptions, and the annual projected risk-assumed costs to OMB with their budget requests each year starting with the request for fiscal year 2002. Agencies will likewise provide OMB with annual estimates of modifications, if any, and reestimates of program costs.

(b) DISCLOSURE.—When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2002, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities would use to estimate the risk-assumed cost of Federal insurance programs and giving such persons an opportunity to submit comments. At the same time, the chairman of the Committee on the Budget shall publish a notice for CBO in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it would use to estimate the risk-assumed cost of Federal insurance programs and giving such interested persons an opportunity to submit comments.

(c) REVISION.—(1) After consideration of comments pursuant to subsection (b), and in consultation with the Committees on the Budget of the House of Representatives and the Senate, OMB and CBO shall revise the models, data, and major assumptions they would use to estimate the risk-assumed cost of Federal insurance programs.

(2) When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2003, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities used to estimate the risk-assumed cost of Federal insurance programs.

(d) DISPLAY.—

(1) IN GENERAL.—For fiscal years 2003, 2004, and 2005 the budget submissions of the President pursuant to section 1105(a) of title 31, United States Code, and CBO's reports on the economic and budget outlook pursuant to section 202(e)(1) and the President's budgets, shall for display purposes only, estimate the risk-assumed cost of existing or proposed Federal insurance programs.

(2) OMB.—The display in the budget submissions of the President for fiscal years 2003, 2004, and 2005 shall include—

(A) a presentation for each Federal insurance program in budget-account level detail of estimates of risk-assumed cost;

(B) a summary table of the risk-assumed costs of Federal insurance programs; and

(C) an alternate summary table of budget functions and aggregates using risk-assumed rather than cash-based cost estimates for Federal insurance programs.

(3) CBO.—In the second session of the 107th Congress and the 108th Congress, CBO shall include in its estimates under section 308, for display purposes only, the risk-assumed cost of existing Federal insurance programs, or legislation that CBO, in consultation with the Committees on the Budget of the House of Representatives and the Senate, determines would create a new Federal insurance program.

(e) OMB, CBO, AND GAO EVALUATIONS.—(1) Not later than 6 months after the budget submission of the President pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2005, OMB, CBO, and GAO shall each submit to the Committees on the Budget of the House of Representatives and the Senate a report that evaluates the advisability and appropriate implementation of this title.

(2) Each report made pursuant to paragraph (1) shall address the following:

(A) The adequacy of risk-assumed estimation models used and alternative modeling methods.

(B) The availability and reliability of data or information necessary to carry out this title.

(C) The appropriateness of the explicit or implicit discount rate used in the various risk-assumed estimation models.

(D) The advisability of specifying a statutory discount rate (such as the Treasury rate) for use in risk-assumed estimation models.

(E) The ability of OMB, CBO, or GAO, as applicable, to secure any data or information directly from any Federal agency necessary to enable it to carry out this title.

(F) The relationship between risk-assumed accrual budgeting for Federal insurance programs and the specific requirements of the Balanced Budget and Emergency Deficit Control Act of 1985.

(G) Whether Federal budgeting is improved by the inclusion of risk-assumed cost estimates for Federal insurance programs.

(H) The advisability of including each of the programs currently estimated on a risk-assumed cost basis in the Federal budget on that basis.

SEC. 604. DEFINITIONS.

For purposes of this title:

(1) The term "Federal insurance program" means a program that makes insurance commitments and includes the list of such programs included in the joint explanatory statement of managers accompanying the conference report on the Comprehensive Budget Process Reform Act of 1999.

(2) The term "insurance commitment" means an agreement in advance by a Federal agency to indemnify a nonfederal entity against specified losses. This term does not include loan guarantees as defined in title V or benefit programs such as so-

cial security, medicare, and similar existing social insurance programs.

(3)(A) The term "risk-assumed cost" means the net present value of the estimated cash flows to and from the Government resulting from an insurance commitment or modification thereof.

(B) The cash flows associated with an insurance commitment include—

(i) expected claims payments inherent in the Government's commitment;

(ii) net premiums (expected premium collections received from or on behalf of the insured less expected administrative expenses);

(iii) expected recoveries; and

(iv) expected changes in claims, premiums, or recoveries resulting from the exercise by the insured of any option included in the insurance commitment.

(C) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment, and the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment as modified.

(D) The cost of a reestimate is the difference between the net present value of the amount currently required by the financing account to pay estimated claims and other expenditures and the amount currently available in the financing account. The cost of a reestimate shall be accounted for in the current year in the budget of the Government pursuant to section 1105(a) of title 31, United States Code.

(E) For purposes of this definition, expected administrative expenses shall be construed as the amount estimated to be necessary for the proper administration of the insurance program. This amount may differ from amounts actually appropriated or otherwise made available for the administration of the program.

(4) The term "program account" means the budget account for the risk-assumed cost, and for paying all costs of administering the insurance program, and is the account from which the risk-assumed cost is disbursed to the financing account.

(5) The term "financing account" means the nonbudget account that is associated with each program account which receives payments from or makes payments to the program account, receives premiums and other payments from the public, pays insurance claims, and holds balances.

(6) The term "modification" means any Government action that alters the risk-assumed cost of an existing insurance commitment from the current estimate of cash flows. This includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of existing insurance commitments.

(7) The term "model" means any actuarial, financial, econometric, probabilistic, or other methodology used to estimate the

expected frequency and magnitude of loss-producing events, expected premiums or collections from or on behalf of the insured, expected recoveries, and administrative expenses.

(8) The term "current" has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(9) The term "OMB" means the Director of the Office of Management and Budget.

(10) The term "CBO" means the Director of the Congressional Budget Office.

(11) The term "GAO" means the Comptroller General of the United States.

SEC. 605. AUTHORIZATIONS TO ENTER INTO CONTRACTS; ACTUARIAL COST ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $600,000 for each of fiscal years 2000 through 2005 to the Director of the Office of Management and Budget and each agency responsible for administering a Federal program to carry out this title.

(b) TREASURY TRANSACTIONS WITH THE FINANCING ACCOUNTS.—The Secretary of the Treasury shall borrow from, receive from, lend to, or pay the insurance financing accounts such amounts as may be appropriate. The Secretary of the Treasury may prescribe forms and denominations, maturities, and terms and conditions for the transactions described above. The authorities described above shall not be construed to supersede or override the authority of the head of a Federal agency to administer and operate an insurance program. All the transactions provided in this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code. Cash balances of the financing accounts in excess of current requirements shall be maintained in a form of uninvested funds, and the Secretary of the Treasury shall pay interest on these funds.

(c) APPROPRIATION OF AMOUNT NECESSARY TO COVER RISK-ASSUMED COST OF INSURANCE COMMITMENTS AT TRANSITION DATE.—(1) A financing account is established on September 30, 2005, for each Federal insurance program.

(2) There is appropriated to each financing account the amount of the risk-assumed cost of Federal insurance commitments outstanding for that program as of the close of September 30, 2005.

(3) These financing accounts shall be used in implementing the budget accounting required by this title.

SEC. 606. EFFECTIVE DATE.

(a) IN GENERAL.—This title shall take effect immediately and shall expire on September 30, 2007.

(b) SPECIAL RULE.—If this title is not reauthorized by September 30, 2007, then the accounting structure and budgetary treatment of Federal insurance programs shall revert to the accounting structure and budgetary treatment in effect immediately before the date of enactment of this title.

TITLE VII—PROGRAM REVIEW AND EVALUATION

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CONTINUING STUDY OF ADDITIONAL BUDGET REFORM PROPOSALS

SEC. 703. (a) The Committees on the Budget of the House of Representatives and the Senate shall study on a continuing basis proposals designed to improve and facilitate methods of congressional budgetmaking. The proposals to be studied shall include, but are not limited to, proposals for—

(1) * * *

* * * * * * *

(3) establishing maximum and minimum time limitations for program authorization; [and]

(4) developing techniques of human resource accounting and other means of providing noneconomic as well as economic evaluation measures[.]*; and*

(5) evaluating whether existing programs, projects, and activities should be subject to discretionary appropriations.

(b) The Committee on the Budget of each House shall, [from time to time] *during the One Hundred Sixth Congress*, report to its House the results of the study carried on by it under subsection (a), together with its recommendations.

* * * * * * *

(d) The Committee on the Budget of each House shall establish guidelines for subjecting new or expanded programs, projects, and activities to annual appropriation and recommend any necessary changes in statutory enforcement mechanisms and scoring conventions to effectuate such changes.

* * * * * * *

TITLE IX—MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

* * * * * * *

EXERCISE OF RULEMAKING POWERS

SEC. 904. (a) * * *

* * * * * * *

(c) WAIVERS.—

(1) PERMANENT.—Sections *303(a),* 305(b)(2), 305(c)(4), *305(e), 305(f),* 306, 310(d)(2), 313, 904(c), and 904(d) of this Act may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

* * * * * * *

(d) APPEALS.—

(1) PROCEDURE.—Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or section 1017 shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, [concurrent] *joint* resolution, reconciliation bill, or rescission bill, as the case may be.

(2) PERMANENT.—An affirmative vote of three-fifths of the Members, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under sections *303(a),* 305(b)(2), 305(c)(4), *305(e), 305(f),* 306, 310(d)(2), 313, 904(c), and 904(d) of this Act.

* * * * * * *

TITLE 31, UNITED STATES CODE

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SUBTITLE II—THE BUDGET PROCESS

* * * * * * *

CHAPTER 11—THE BUDGET AND FISCAL, BUDGET, AND PROGRAM INFORMATION

* * * * * * *

§ 1105. Budget contents and submission to Congress

(a) [On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year. Each budget shall include a budget message and summary and supporting information.] *On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year which shall set forth the following levels:*

(A) totals of new budget authority and outlays;

(B) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

(C) the surplus or deficit in the budget;

(D) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending, and interest; and for fiscal years to which the amendments made by title II of the Comprehensive Budget Process Reform Act of 1999 apply, subtotals of new budget authority and outlays for emergencies; and

(E) the public debt.

Each budget submission shall include a budget message and summary and supporting information and, as a separately delineated statement, the levels required in the preceding sentence for at least each of the 9 ensuing fiscal years. The President shall include in each budget *submission* the following:

(1) * * *

* * * * * * *

[(5) except as provided in subsection (b) of this section, estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the

fiscal year for which the budget is submitted and the 4 fiscal years after that year.

[(6) estimated receipts of the Government in the fiscal year for which the budget is submitted and the 4 fiscal years after that year under—

[(A) laws in effect when the budget is submitted; and

[(B) proposals in the budget to increase revenues.]

(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year, and, except for detailed budget estimates, the percentage change from the current year to the fiscal year for which the budget is submitted for estimated expenditures and for appropriations.

(6) estimated receipts of the Government in the current year and the fiscal year for which the budget is submitted and the 4 fiscal years after that year under—

(A) laws in effect when the budget is submitted; and

(B) proposals in the budget to increase revenues,

and the percentage change (in the case of each category referred to in subparagraphs (A) and (B)) between the current year and the fiscal year for which the budget is submitted and between the current year and each of the 9 fiscal years after the fiscal year for which the budget is submitted.

* * * * * * *

[(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

[(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted; and

[(B) the estimated appropriation required because of the proposal for each of the 4 fiscal years after that year that the proposal will be in effect.]

(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted;

(B) the estimated appropriation required because of the proposal for each of the 4 fiscal years after that year that the proposal will be in effect; and

(C) the estimated amount for the same activity or function, if any, in the current fiscal year,

and, except for detailed budget estimates, the percentage change (in the case of each category referred to in subparagraphs (A), (B), and (C)) between the current year and the fiscal year for which the budget is submitted.

* * * * * * *

(18) a comparison of the total amount of *new budget authority and* budget outlays for the prior fiscal year, estimated in the budget submitted for that year, for each major program having relatively uncontrollable outlays with the total amount of outlays for that program in that year.

* * * * * * *

(33) a justification for not subjecting each proposed new direct spending program, project, or activity to discretionary appropriations.

(34) an analysis based upon current law and an analysis based upon the policy assumptions underlying the budget submission for every fifth year of the period of 75 fiscal years beginning with such fiscal year, of the estimated levels of total new budget authority and total budget outlays, estimated revenues, estimated surpluses and deficits, and, for social security, medicare, medicaid, and all other direct spending, estimated levels of total new budget authority and total budget outlays; and a specification of its underlying assumptions and a sensitivity analysis of factors that have a significant effect on the projections made in each analysis; and a comparison of the effects of each of the two analyses on the economy, including such factors as inflation, foreign investment, interest rates, and economic growth.

(35) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction.

(36) a table on sources of growth in total direct spending under current law and as proposed in this budget submission for the budget year and the ensuing 9 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.

* * * * * * *

(f) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared in a manner consistent with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 that apply to that and subsequent fiscal years. *Such budget submission shall also comply with the requirements of section 317(b) of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(12) of the Congressional Budget Act of 1974.*

* * * * * * *

§ 1109. Current programs and activities estimates

(a) On or before the first Monday after January 3 of each year (on or before February 5 in 1986), the President shall submit to

both Houses of Congress the estimated budget outlays and proposed budget authority that would be included in the budget for the following fiscal year if programs and activities of the United States Government were carried on during that year at the same level as the current fiscal year without a change in policy. *For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).* The President shall state the estimated budget outlays and proposed budget authority by function and subfunction under the classifications in the budget summary table under the heading "Budget Authority and Outlays by Function and Agency", by major programs in each function, and by agency. The President also shall include a statement of the economic and program assumptions on which those budget outlays and budget authority are based, including inflation, real economic growth, and unemployment rates, program caseloads, and pay increases.

* * * * * * *

CHAPTER 13—APPROPRIATIONS

SUBCHAPTER I—GENERAL

Sec.
1301. Application.
* * * * * * *
1311. Continuing appropriations.
* * * * * * *

SUBCHAPTER I—GENERAL

§ 1311. Continuing appropriations

(a)(1) If any regular appropriation bill for a fiscal year does not become law prior to the beginning of such fiscal year and a joint resolution making continuing appropriations (other than pursuant to this subsection) is not in effect, there is appropriated, out of any moneys in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, such sums as may be necessary to continue any program, project, or activity for which funds were provided in the preceding fiscal year—

(A) in the corresponding regular appropriation Act for such preceding fiscal year; or

(B) if the corresponding regular appropriation bill for such preceding fiscal year did not become law, then in a joint resolution making continuing appropriations for such preceding fiscal year.

(2)(A) Except as provided by subparagraphs (B), (C), and (D), appropriations and funds made available, and authority granted, for a program, project, or activity for any fiscal year pursuant to this section shall be at a rate of operations not in excess of the rate of operations provided for in the regular appropriation Act providing for such program, project, or activity for the preceding fiscal

year, or in the absence of such an Act, the rate of operations provided for such program, project, or activity pursuant to a joint resolution making continuing appropriations for such preceding fiscal year.

(B) The applicable rate of operations for a program, project, or activity for any fiscal year pursuant to this section shall exclude amounts—

(i) for which any adjustment was made under section 251(b)(2)(A) or section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 before the date of enactment of this section;

(ii) provided for emergencies for which an exemption from section 251 or 252 of such Act is granted under section 317(c) of the Congressional Budget Act of 1974; or

(iii) for which any adjustment is made under section 251(b)(2)(C) or (D) of such Act.

(C) The applicable rate of operations for a program, project, or activity for any fiscal year pursuant to this section shall include amounts provided and rescinded for such program, project, or activity in any supplemental or special appropriations Act and in any rescission bill for that year that is enacted into law.

(D) The applicable rate of operations for a program, project, or activity for any fiscal year pursuant to this section shall be reduced by the amount of budgetary resources cancelled in any such program, project, or activity resulting from the prior year's sequestration under section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 as published in OMB's final sequestration report for the prior fiscal year.

(3) Appropriations and funds made available, and authority granted, for any fiscal year pursuant to this section for a program, project, or activity shall be available for the period beginning with the first day of a lapse in appropriations and ending with the earlier of—

(A) the date on which the applicable regular appropriation bill for such fiscal year becomes law (whether or not such law provides for such program, project, or activity) or a continuing resolution making appropriations becomes law, as the case may be, or

(B) the last day of such fiscal year.

(b) An appropriation or funds made available, or authority granted, for a program, project, or activity for any fiscal year pursuant to this section shall be subject to the terms and conditions imposed with respect to the appropriation made or funds made available for the preceding fiscal year, or authority granted for such program, project, or activity under current law.

(c) Appropriations and funds made available, and authority granted, for any program, project, or activity for any fiscal year pursuant to this section shall cover all obligations or expenditures incurred for such program, project, or activity during the portion of such fiscal year for which this section applies to such program, project, or activity.

(d) Expenditures made for a program, project, or activity for any fiscal year pursuant to this section shall be charged to the applicable appropriation, fund, or authorization whenever a regular

appropriation bill or a joint resolution making continuing appropriations until the end of a fiscal year providing for such program, project, or activity for such period becomes law.

(e) This section shall not apply to a program, project, or activity during a fiscal year if any other provision of law (other than an authorization of appropriations)—

(1) makes an appropriation, makes funds available, or grants authority for such program, project, or activity to continue for such period, or

(2) specifically provides that no appropriation shall be made, no funds shall be made available, or no authority shall be granted for such program, project, or activity to continue for such period; or

(f) For purposes of this section, the term "regular appropriation bill" means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of programs, projects, and activities:

(1) Agriculture, rural development, and related agencies programs.

(2) The Departments of Commerce, Justice, and State, the judiciary, and related agencies.

(3) The Department of Defense.

(4) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

(5) The Departments of Labor, Health and Human Services, and Education, and related agencies.

(6) The Department of Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.

(7) Energy and water development.

(8) Foreign assistance and related programs.

(9) The Department of the Interior and related agencies.

(10) Military construction.

(11) The Department of Transportation and related agencies.

(12) The Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies.

(13) The legislative branch.

* * * * * * *

RULES OF THE HOUSE OF REPRESENTATIVES

* * * * * * *

RULE X.

ORGANIZATION OF COMMITTEES.

Committees and their legislative jurisdictions

1. There shall be in the House the following standing committees, each of which shall have the jurisdiction and related functions assigned by this clause and clauses 2, 3, and 4. All bills, resolu-

tions, and other matters relating to subjects within the jurisdiction of the standing committees listed in this clause shall be referred to those committees, in accordance with clause 2 of rule XII, as follows:

(a) * * *

* * * * * * *

(e) **Committee on the Budget.**

(1) [Concurrent] *Joint* resolutions on the budget (as defined in section 3(4) of the Congressional Budget Act of 1974), other matters required to be referred to the committee under titles III and IV of that Act, and other measures setting forth appropriate levels of budget totals for the United States Government.

* * * * * * *

General oversight responsibilities

2. (a) * * *

* * * * * * *

(d)(1) Not later than February 15 of the first session of a Congress, each standing committee shall, in a meeting that is open to the public and with a quorum present, adopt its oversight plan for that Congress. Such plan shall be submitted simultaneously to the Committee on Government Reform and to the Committee on House Administration. In developing its plan each committee shall, to the maximum extent feasible—

(A) * * *

[(B) give priority consideration to including in its plan the review of those laws, programs, or agencies operating under permanent budget authority or permanent statutory authority; and

[(C) have a view toward ensuring that all significant laws, programs, or agencies within its jurisdiction are subject to review every 10 years.]

(B) provide in its plans a specific timetable for its review of those laws, programs, or agencies within its jurisdiction, including those that operate under permanent budget authority or permanent statutory authority.

* * * * * * *

Additional functions of committees

4. (a)(1) * * *

[(2) Pursuant to section 401(b)(2) of the Congressional Budget Act of 1974, when a committee reports a bill or joint resolution that provides new entitlement authority as defined in section 3(9) of that Act, and enactment of the bill or joint resolution, as reported, would cause a breach of the committee's pertinent allocation of new budget authority under section 302(a) of that Act, the bill or joint resolution may be referred to the Committee on Appropriations with instructions to report it with recommendations (which may include an amendment limiting the total amount of new entitlement authority provided in the bill or joint resolution). If the Committee on Appropriations fails to report a bill or joint resolution so referred within 15 calendar days (not counting any day on which the House is not in session), the committee automatically shall be dis-

charged from consideration of the bill or joint resolution, and the bill or joint resolution shall be placed on the appropriate calendar.]

[(3)] *(2)* In addition, the Committee on Appropriations shall study on a continuing basis those provisions of law that (on the first day of the first fiscal year for which the congressional budget process is effective) provide spending authority or permanent budget authority and shall report to the House [from time to time] *at least once each Congress* its recommendations for terminating or modifying such provisions.

[(4)] *(3)* In the manner provided by section 302 of the Congressional Budget Act of 1974, the Committee on Appropriations (after consulting with the Committee on Appropriations of the Senate) shall subdivide any allocations made to it in the joint explanatory statement accompanying the conference report on such [concurrent] *joint* resolution, and promptly report the subdivisions to the House as soon as practicable after a concurrent resolution on the budget for a fiscal year is agreed to.

* * * * * * *

(b) The Committee on the Budget shall—

(1) * * *

(2) hold hearings and receive testimony from Members, Senators, Delegates, the Resident Commissioner, and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as it considers desirable in developing [concurrent] *joint* resolutions on the budget for each fiscal year;

* * * * * * *

(e)(1) * * *

(2) Each standing committee shall review [from time to time] *at least once every ten years* each continuing program within its jurisdiction for which appropriations are not made annually to ascertain whether the program should be modified to provide for annual appropriations*, and will provide specific information in any report accompanying such bills and joint resolutions to the greatest extent practicable to justify why the programs, projects, and activities involved would not be subject to annual appropriation*.

(f)(1) Each standing committee shall submit to the Committee on the Budget not later than six weeks after the President submits his budget, or at such time as the Committee on the Budget may request—

(A) its views and estimates with respect to all matters to be set forth in the [concurrent] *joint* resolution on the budget for the ensuing fiscal year that are within its jurisdiction or functions; and

* * * * * * *

(2) The views and estimates submitted by the Committee on Ways and Means under subparagraph (1) shall include a specific recommendation, made after holding public hearings, as to the appropriate level of the public debt that should be set forth in the [concurrent] *joint* resolution on the budget and serve as the basis

for an increase or decrease in the statutory limit on such debt under the procedures provided by rule XXIII.

* * * * * * *

RULE XI.

PROCEDURES OF COMMITTEES AND UNFINISHED BUSINESS.

In general

1. (a) * * *

* * * * * * *

(d)(1) * * *

* * * * * * *

(4) Such report shall include a summary of and justifications for all bills and joint resolutions reported by such committee that—

(A) were considered before the adoption of the appropriate budget resolution and did not fall within an exception set forth in section 303(b) of the Congressional Budget Act of 1974;

(B) exceeded its allocation under section 302(a) of such Act or breached an aggregate level in violation of section 311 of such Act; or

(C) contained provisions in violation of section 401(a) of such Act pertaining to indefinite direct spending authority.

Such report shall also specify the total amount by which legislation reported by that committee exceeded its allocation under section 302(a) or breached the revenue floor under section 311(a) of such Act for each fiscal year during that Congress.

[(4)**]** *(5)* After an adjournment sine die of the last regular session of a Congress, the chairman of a committee may file an activities report under subparagraph (1) with the Clerk at any time and without approval of the committee, provided that—

(A) a copy of the report has been available to each member of the committee for at least seven calendar days; and

(B) the report includes any supplemental, minority, or additional views submitted by a member of the committee.

* * * * * * *

RULE XIII.

CALENDARS AND COMMITTEE REPORTS.

Calendars

1. * * *

* * * * * * *

Content of reports

3. (a) * * *

* * * * * * *

(d) Each report of a committee on a public bill or public joint resolution shall contain the following:

(1) * * *

(2)(A) An estimate by the committee of the costs that would be incurred in carrying out the bill or joint resolution in

the fiscal year in which it is reported and in each of the [five] *10* fiscal years following that fiscal year (or for the authorized duration of any program authorized by the bill or joint resolution if less than [five] *10* years);

* * * * * * *

(4) A budget compliance statement prepared by the chairman of the Committee on the Budget, if timely submitted prior to the filing of the report, which shall include assessment by such chairman as to whether the bill or joint resolution complies with the requirements of sections 302, 303, 306, 311, and 401 of the Congressional Budget Act of 1974 and may include the budgetary implications of that bill or joint resolution under section 251 or 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, as applicable.

Privileged reports by the Committee on Rules

6. (a) * * *

* * * * * * *

(h) It shall not be in order to consider any resolution from the Committee on Rules for the consideration of any reported bill or joint resolution which waives section 302, 303, 311, or 401 of the Congressional Budget Act of 1974, unless the report accompanying such resolution includes a description of the provision proposed to be waived, an identification of the section being waived, the reasons why such waiver should be granted, and an estimated cost of the provisions to which the waiver applies.

RULE XVIII.

THE COMMITTEE OF THE WHOLE HOUSE ON THE STATE OF THE UNION.

Resolving into the Committee of the Whole

1. * * *

* * * * * * *

Reading for amendment

5. (a) * * *

* * * * * * *

(c)(1) In the Committee of the Whole, an amendment only to subject a new program which provides direct spending to discretionary appropriations, if offered by the chairman of the Committee on the Budget (or his designee) or the chairman of the Committee of Appropriations (or his designee), may be precluded from consideration only by the specific terms of a special order of the House. Any such amendment, if offered, shall be debatable for twenty minutes equally divided and controlled by the proponent of the amendment and a Member opposed and shall not be subject to amendment.

(2) As used in subparagraph (1), the term "direct spending" has the meaning given such term in section 3(11) of the Congressional Budget and Impoundment Control Act of 1974.

* * * * * * *

[Concurrent] Joint resolution on the budget

10. (a) At the conclusion of general debate in the Committee of the Whole House on the state of the Union on a [concurrent] *joint* resolution on the budget under section 305(a) of the Congressional Budget Act of 1974, the [concurrent] *joint* resolution shall be considered as read for amendment.

(b) It shall not be in order in the House or in the Committee of the Whole House on the state of the Union to consider an amendment to a [concurrent] *joint* resolution on the budget, or an amendment thereto, unless the [concurrent] *joint* resolution, as amended by such amendment or amendments—

(1) would be mathematically consistent except as limited by paragraph (c); and

(2) would contain all the matter set forth in paragraphs (1) through [(5)] *(6)* of section 301(a) of the Congressional Budget Act of 1974.

[(c)(1) Except as specified in subparagraph (2), it shall not be in order in the House or in the Committee of the Whole House on the state of the Union to consider an amendment to a concurrent resolution on the budget, or an amendment thereto, that proposes to change the amount of the appropriate level of the public debt set forth in the concurrent resolution, as reported.

[(2) Amendments to achieve mathematical consistency under section 305(a)(5) of the Congressional Budget Act of 1974, if offered by direction of the Committee on the Budget, may propose to adjust the amount of the appropriate level of the public debt set forth in the concurrent resolution, as reported, to reflect changes made in other figures contained in the concurrent resolution.]

* * * * * * *

RULE XX.

VOTING AND QUORUM CALLS.

1. * * *

* * * * * * *

Automatic yeas and nays

10. The yeas and nays shall be considered as ordered when the Speaker puts the question on passage of a bill or joint resolution, or on adoption of a conference report, making general appropriations, or increasing Federal income tax rates (within the meaning of clause 5 of rule XXI), or on final adoption of a [concurrent] *joint* resolution on the budget or conference report thereon.

* * * * * * *

RULE XXI.

RESTRICTIONS ON CERTAIN BILLS.

Reservation of certain points of order

1. * * *

General appropriation bills and amendments

2. (a) * * *

* * * * * * *

[(e) A provision other than an appropriation designated an emergency under section 251(b)(2) or section 252(e) of the Balanced Budget and Emergency Deficit Control Act, a rescission of budget authority, or a reduction in direct spending or an amount for a designated emergency may not be reported in an appropriation bill or joint resolution containing an emergency designation under section 251(b)(2) or section 252(e) of such Act and may not be in order as an amendment thereto.]

[(f)] *(e)* During the reading of an appropriation bill for amendment in the Committee of the Whole House on the state of the Union, it shall be in order to consider en bloc amendments proposing only to transfer appropriations among objects in the bill without increasing the levels of budget authority or outlays in the bill. When considered en bloc under this paragraph, such amendments may amend portions of the bill not yet read for amendment (following disposition of any points of order against such portions) and is not subject to a demand for division of the question in the House or in the Committee of the Whole.]

* * * * * * *

6. It shall not be in order to consider any bill, joint resolution, amendment, or conference report that authorizes the appropriation of new budget authority (as defined in section 3(2)(C) of the Congressional Budget and Impoundment Control Act of 1974) for a new program, unless such authorization is specifically provided for a period of 10 or fewer fiscal years.

* * * * * * *

[RULE XXIII.

[STATUTORY LIMIT ON PUBLIC DEBT.

[1. Upon adoption by Congress of a concurrent resolution on the budget under section 301 or 304 of the Congressional Budget Act of 1974 that sets forth, as the appropriate level of the public debt for the period to which the concurrent resolution relates, an amount that is different from the amount of the statutory limit on the public debt that otherwise would be in effect for that period, the Clerk shall prepare an engrossment of a joint resolution increasing or decreasing, as the case may be, the statutory limit on the public debt in the form prescribed in clause 2. Upon engrossment of the joint resolution, the vote by which the concurrent resolution on the budget was finally agreed to in the House shall also be considered as a vote on passage of the joint resolution in the House, and the joint resolution shall be considered as passed by the House and duly certified and examined. The engrossed copy shall be signed by the Clerk and transmitted to the Senate for further legislative action.

[2. The matter after the resolving clause in a joint resolution described in clause 1 shall be as follows: "That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof '$____'.", with the blank being filled with a dollar limitation equal to the appropriate level of the public debt set forth pursuant to section 301(a)(5) of the Congressional Budget Act of

1974 in the relevant concurrent resolution described in clause 1. If an adopted concurrent resolution under clause 1 sets forth different appropriate levels of the public debt for separate periods, only one engrossed joint resolution shall be prepared under clause 1; and the blank referred to in the preceding sentence shall be filled with the limitation that is to apply for each period.

[3. (a) The report of the Committee on the Budget on a concurrent resolution described in clause 1 and the joint explanatory statement of the managers on a conference report to accompany such a concurrent resolution each shall contain a clear statement of the effect the eventual enactment of a joint resolution engrossed under this rule would have on the statutory limit on the public debt.

[(b) It shall not be in order for the House to consider a concurrent resolution described in clause 1, or a conference report thereon, unless the report of the Committee on the Budget or the joint explanatory statement of the managers complies with paragraph (a).

[4. Nothing in this rule shall be construed as limiting or otherwise affecting—

[(a) the power of the House or the Senate to consider and pass bills or joint resolutions, without regard to the procedures under clause 1, that would change the statutory limit on the public debt; or

[(b) the rights of Members, Delegates, the Resident Commissioner, or committees with respect to the introduction, consideration, and reporting of such bills or joint resolutions.

[5. In this rule the term "statutory limit on the public debt" means the maximum face amount of obligations issued under authority of chapter 31 of title 31, United States Code, and obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), as determined under section 3101(b) of such title after the application of section 3101(a) of such title, that may be outstanding at any one time.]

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

PART C—EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNT

SEC. 250. TABLE OF CONTENTS; STATEMENT OF BUDGET ENFORCEMENT THROUGH SEQUESTRATION; DEFINITIONS.

(a) * * *

* * * * * * *

(c) DEFINITIONS.—

As used in this part:

(1) * * *

* * * * * * *

(20) The term "on-budget surplus" means, with respect to a fiscal year, the amount by which receipts exceed outlays for all

spending and receipt accounts of the United States Government that are designated as on-budget. Such term does not include outlays and receipts of the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or any other off-budget entity.

SEC. 251. ENFORCING DISCRETIONARY SPENDING LIMITS.

(a) * * *

(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—

(1) * * *

(2) SEQUESTRATION REPORTS.—When OMB submits a sequestration report under section 254(e), (f), or (g) for a fiscal year, OMB shall calculate, and the sequestration report and subsequent budgets submitted by the President under section 1105(a) of title 31, United States Code, shall include adjustments to discretionary spending limits (and those limits as adjusted) for the fiscal year and each succeeding year through 2002, as follows:

[(A) EMERGENCY APPROPRIATIONS.—If, for any fiscal year, appropriations for discretionary accounts are enacted that the President designates as emergency requirements and that the Congress so designates in statute, the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements and the outlays flowing in all fiscal years from such appropriations. This subparagraph shall not apply to appropriations to cover agricultural crop disaster assistance.**]**

* * * * * * *

[(B)**]** *(A)* SPECIAL OUTLAY ALLOWANCE.—If, in any fiscal year, outlays for a category exceed the discretionary spending limit for that category but new budget authority does not exceed its limit for that category (after application of the first step of a sequestration described in subsection (a)(2), if necessary), the adjustment in outlays for a fiscal year is the amount of the excess but not to exceed 0.5 percent of the sum of the adjusted discretionary spending limits on outlays for that fiscal year.

[(C)**]** *(B)* CONTINUING DISABILITY REVIEWS.—(i) * * *

* * * * * * *

[(D)**]** *(C)* ALLOWANCE FOR IMF.—If an appropriation bill or joint resolution is enacted for a fiscal year through 2002 that includes an appropriation with respect to clause (i) or (ii), the adjustment shall be the amount of budget authority in the measure that is the dollar equivalent of the Special Drawing Rights with respect to—

(i) * * *

* * * * * * *

[(E)**]** *(D)* ALLOWANCE FOR INTERNATIONAL ARREARAGES.—

(i) * * *

* * * * * * *

[(F)] *(E)* EITC COMPLIANCE INITIATIVE.—If an appropriation bill or joint resolution is enacted for a fiscal year that includes an appropriation for an earned income tax credit compliance initiative, the adjustment shall be the amount of budget authority in that measure for that initiative and the outlays flowing in all fiscal years from that budget authority, but not to exceed—

(i) * * *

* * * * * * *

[(G)] *(F)* ADOPTION INCENTIVE PAYMENTS.—Whenever a bill or joint resolution making appropriations for fiscal year 1999, 2000, 2001, 2002, or 2003 is enacted that specifies an amount for adoption incentive payments pursuant to this part for the Department of Health and Human Services—

(i) * * *

(G) DISCRETIONARY AUTHORIZATION OFFSETS.—If an Act other than an appropriation Act includes any provision reducing direct spending and specifically identifies any such provision as an offset pursuant to section 252(e), the adjustments shall be an increase in the discretionary spending limits for budget authority and outlays in each fiscal year equal to the amount of the budget authority and outlay reductions, respectively, achieved by the specified offset in that fiscal year, except that the adjustments for the budget year in which the offsetting provision takes effect shall not exceed the amount of discretionary new budget authority provided for the new program (authorized in that Act) in an Act making discretionary appropriations and the outlays flowing therefrom.

* * * * * * *

SEC. 252. ENFORCING PAY-AS-YOU-GO.

[(a) PURPOSE.—The purpose of this section is to assure that any legislation enacted before October 1, 2002, affecting direct spending or receipts that increases the deficit will trigger an offsetting sequestration.

[(b) SEQUESTRATION.—

[(1) TIMING.—Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 251 or 253, there shall be a sequestration to offset the amount of any net deficit increase caused by all direct spending and receipts legislation enacted before October 1, 2002, as calculated under paragraph (2).

[(2) CALCULATION OF DEFICIT INCREASE.—OMB shall calculate the amount of deficit increase or decrease by adding—

[(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d);

[(B) the estimated amount of savings in direct spending programs applicable to budget year resulting from the prior year's sequestration under this section or section 253,

if any, as published in OMB's final sequestration report for that prior year; and

[(C) any net deficit increase or decrease in the current year resulting from all OMB estimates for the current year of direct spending and receipts legislation transmitted under subsection (d) that were not reflected in the final OMB sequestration report for the current year.]

(a) PURPOSE.—The purpose of this section is to trigger an offsetting sequestration in the amount by which any excess of decreases in receipts and increases in direct spending over increases in receipts and decreases in direct spending, caused by all direct spending and receipts legislation enacted prior to October 1, 2002, exceeds estimates of the on-budget surplus.

(b) SEQUESTRATION.—

(1) TIMING.—Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to offset an amount equal to—

(A) any excess of decreases in receipts and increases in direct spending over increases in receipts and decreases in direct spending for legislation enacted prior to October 1, 2002; minus

(B) the estimated on-budget surplus (which shall not be less than zero),

as calculated under paragraph (2).

(2) CALCULATION OF SEQUESTRATION.—OMB shall calculate the amount of the sequestration by adding—

(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d) for legislation enacted prior to October 1, 2002;

(B) the estimated amount of savings in direct spending programs applicable to the budget year resulting from the prior year's sequestration under this section, if any, as published in OMB's final sequestration report for that prior year; and

(C) all OMB estimates for the current year that were not reflected in the final OMB sequestration report for that year; and

then by subtracting from such sum the OMB estimate for the budget year of the on-budget surplus (if any) as set forth in the OMB final sequestration report increased by the amount of budgetary resources cancelled in any such program, project, or activity resulting from a sequestration for the budget year on the same day under section 251 as published in OMB's final sequestration report.

* * * * * * *

(d) ESTIMATES.—

(1) * * *

* * * * * * *

(4) SCOPE OF ESTIMATES.—The estimates under this section shall include the amount of change in outlays or receipts for the current year (if applicable), the budget year, and each outyear excluding any amounts resulting from—

(A) full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates; and

[(B) emergency provisions as designated under subsection (e).]

(B) offset provisions as designated under subsection (e).

* * * * * * *

[(e) EMERGENCY LEGISLATION.—If a provision of direct spending or receipts legislation is enacted that the President designates as an emergency requirement and that the Congress so designates in statute, the amounts of new budget authority, outlays, and receipts in all fiscal years resulting from that provision shall be designated as an emergency requirement in the reports required under subsection (d). This subsection shall not apply to direct spending provisions to cover agricultural crop disaster assistance.]

(e) OFFSETS.—If a provision of direct spending legislation is enacted that—

(1) decreases direct spending for any fiscal year; and

(2) is designated as an offset pursuant to this subsection and such designation specifically identifies an authorization of discretionary appropriations (contained in such legislation) for a new program,

then the reductions in new budget authority and outlays in all fiscal years resulting from that provision shall be designated as an offset in the reports required under subsection (d).

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SEC. 254. REPORTS AND ORDERS.

(a) * * *

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(c) SEQUESTRATION PREVIEW REPORTS.—

(1) * * *

* * * * * * *

(3) PAY-AS-YOU-GO SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

(A) * * *

* * * * * * *

(C)(i) MANDATORY.—In projecting the on-budget surplus (if any) for the budget year, direct spending and receipts shall be calculated consistent with the assumptions under section 257(b) but shall exclude all estimates of direct spending and receipts legislation for such year enacted after the date of enactment of this subparagraph (as estimated by OMB when such legislation was originally enacted).

(ii) DISCRETIONARY.—Except as provided by the preceding sentence, the following assumptions shall apply to the calculation of such estimated surplus:

(I) For programs, projects, and activities for which a regular appropriation Act or a joint resolution (other than pursuant to section 1311 of title 31, United States

Code) continuing appropriations through the end of the budget year is enacted, budgetary resources other than unobligated balances shall be at the level provided by that Act with the following adjustments:

"(aa) Include amounts of budget authority provided and rescinded for such year in any supplemental or special appropriation Act or rescission bill that is enacted into law.

"(bb) Reduce the level by the amount of budgetary resources canceled in any such program, project, or activity by a sequestration under section 251 as published in OMB's final sequestration report for such year.

Substantive changes to or restrictions on entitlement law or other mandatory spending law in an appropriation Act shall be counted in determining the level of direct spending and receipts for purposes of calculating the on-budget surplus under this section.

(II) For programs, projects, and activities for which a regular appropriation Act or a joint resolution (other than pursuant to section 1311 of title 31, United States Code) continuing appropriations through the end of the budget year is not enacted, budgetary resources other than unobligated balances shall be at the level provided for the current year in regular appropriation Acts or a joint resolution (other than pursuant to section 1311 of title 31, United States Code) continuing appropriations through the end of the current year with the following adjustments:

"(aa) Include amounts of budget authority provided and rescinded for such year in any supplemental or special appropriation Act or rescission bill that is enacted into law.

"(bb) Reduce the level by the amount of budgetary resources canceled in any such program, project, or activity by a sequestration under section 251 as published in OMB's final sequestration report for such year.

Substantive changes to or restrictions on entitlement law or other mandatory spending law in an appropriation Act shall be counted in determining the level of direct spending and receipts for purposes of calculating the on-budget surplus under this section. After making such adjustments, further adjust such amount using the assumptions set forth in section 257(c)(1)–(5).

[(C)**]** *(D)* The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to eliminate a deficit increase under section 252(c).

* * * * * * *

(f) FINAL SEQUESTRATION REPORTS.—

(1) * * *

* * * * * * *

(3) PAY-AS-YOU-GO AND DEFICIT SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the pay-as-you-go and deficit sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequestrable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear for direct spending programs. *In calculating the estimated on-budget surplus pursuant to section 252(b)(2), notwithstanding section 254(j), OMB shall use economic and technical assumptions that are up-to-date as of the date of issuance of the sequestration preview reports.*

* * * * * * *

SEC. 258C. SPECIAL RECONCILIATION PROCESS.

(a) REPORTING OF RESOLUTIONS AND RECONCILIATION BILLS AND RESOLUTIONS, IN THE SENATE *OR IN THE HOUSE OF REPRESENTATIVES*.—

(1) COMMITTEE ALTERNATIVES TO PRESIDENTIAL ORDER.—After the submission of an OMB sequestration update report under section 254 that envisions a sequestration under section 252 or 253, each standing committee of the Senate *or House* may, not later than October 10, submit to the Committee on the Budget of the Senate *or House* information of the type described in section 301(d) of the Congressional Budget Act of 1974 with respect to alternatives to the order envisioned by such report insofar as such order affects laws within the jurisdiction of the committee.

(2) INITIAL BUDGET COMMITTEE ACTION.—After the submission of such a report, the Committee on the Budget of the Senate *or House* may, not later than October 15, report to the Senate *or House* a resolution. The resolution may affirm the impact of the order envisioned by such report, in whole or in part. To the extent that any part is not affirmed, the resolution shall state which parts are not affirmed and shall contain instructions to committees of the Senate *or House* of the type referred to in section 310(a) of the Congressional Budget Act of 1974, sufficient to achieve at least the total level of deficit reduction contained in those sections which are not affirmed.

(3) RESPONSE OF COMMITTEES.—Committees instructed pursuant to paragraph (2), or affected thereby, shall submit their responses to the Budget Committee no later than 10 days after the resolution referred to in paragraph (2) is agreed to, except that if only one such Committee is so instructed such Committee shall, by the same date, report to the Senate *or House* a reconciliation bill or reconciliation resolution containing its recommendations in response to such instructions. A committee shall be considered to have complied with all instructions to it pursuant to a resolution adopted under paragraph (2) if it has made recommendations with respect to matters within its jurisdiction which would result in a reduction

in the deficit at least equal to the total reduction directed by such instructions.

(4) BUDGET COMMITTEE ACTION.—Upon receipt of the recommendations received in response to a resolution referred to in paragraph (2), the Budget Committee shall report to the Senate *or House* a reconciliation bill or reconciliation resolution, or both, carrying out all such recommendations without any substantive revisions. In the event that a committee instructed in a resolution referred to in paragraph (2) fails to submit any recommendation (or, when only one committee is instructed, fails to report a reconciliation bill or resolution) in response to such instructions, the Budget Committee shall include in the reconciliation bill or reconciliation resolution reported pursuant to this subparagraph legislative language within the jurisdiction of the noncomplying committee to achieve the amount of deficit reduction directed in such instructions.

* * * * * * *

(7) DEFINITION.—[For] *In the Senate, for* purposes of paragraphs (1), (2), and (3), the term "day" shall mean any calendar day on which the Senate is in session.

(b) PROCEDURES.—

(1) IN GENERAL.—Except as provided in paragraph (2), in the Senate *or House* the provisions of sections 305 and 310 of the Congressional Budget Act of 1974 for the consideration of [concurrent] *joint* resolutions on the budget and conference reports thereon shall also apply to the consideration of resolutions, and reconciliation bills and reconciliation resolutions reported under this paragraph and conference reports thereon.

* * * * * * *

(4) BILLS AND RESOLUTIONS RECEIVED FROM THE *OTHER* HOUSE.—Any bill or resolution received [in the Senate from the House] *in the Senate or House of Representatives from the other House*, which is a companion to a reconciliation bill or reconciliation resolution of the [Senate] *Senate or House of Representatives, as the case may be,* for the purposes of this subsection, shall be considered in the [Senate] *in the applicable House* pursuant to the provisions of this subsection.

* * * * * * *

VIEWS OF COMMITTEE MEMBERS

Clause 2(1) of rule XI requires each committee to afford a 2-day opportunity for members of the committee to file additional, minority, or dissenting views and to include the view in its report. The following views were submitted:

Minority Views on H.R. 853, the Comprehensive Budget Process Reform Bill of 1999

Offered by Representatives Spratt, McDermott, Thompson, Bentsen, Davis, Weygand, Clayton, Price, Markey, Clement, Moran, Hooley, Holt, Hoeffel, and Baldwin

This bill is rife with problems, both major and minor. Eliminating one or more of the major problems will only result in a shorter bill still rife with problems. The Clinton Administration shares our opposition to this bill and OMB Director Jack Lew has declared he would recommend the President veto the bill it if reaches his desk. The best approach would be defeat this bill and start over.

The main problem with this bill is that it weakens Congress' ability to budget, regardless of which party is in the majority. What problem is this bill trying to address? Certainly, the budget process can benefit from reform. But it has also helped us move from $300 billion in annual deficits to annual budget surpluses in just eight years. In reforming the budget process, we should not jettison, as this bill would, the critical discipline the budget process has created. By jettisoning budget discipline, we risk a return to the era of budget deficits we have worked so hard and successfully to overcome. In any case, it would be a serious mistake to change budget rules and allow Congress to dissipate virtually all the projected on-budget surplus on large tax cuts before Congress addresses the problems facing Social Security and Medicare.

These dissenting views summarize our specific concerns with this bill, although we would note that there are some aspects of the bill that may constitute incremental improvements.

Three Major Objections

We have three very serious objections along with a series of other concerns. Our first major objection is with the bill's partial repeal of the existing statutory Pay-As-You-Go requirement. Our second is with the "automatic continuing resolution," or "automatic CR." And our third is with the notion of a "joint," rather than a "concurrent," budget resolution. These concerns are fundamental and cannot be addressed by tweaking the bill language.

Weakening Pay-As-You-Go. This bill would repeal the requirement that entitlement increases

or tax cuts must be fully offset. Instead, on-budget surpluses — *if* they materialize — can be used to offset such costs. It is no coincidence that this bill will permit the Republicans to enact their $778 billion ten-year tax cut, dissipate almost all the projected on-budget surplus and avoid compliance with the PAYGO rules, which require the costs to be offset.

Many of us oppose this provision because it will allow projected on-budget surpluses to be consumed on tax cuts or entitlement increases before Congress has addressed Social Security and Medicare solvency. Yet it is obvious that the solvency of those trust funds may require the use of some on-budget surpluses. Allowing those surpluses to be dissipated before we address Social Security and Medicare is a mistake.

Even if one believes Congress should spend some of the on-budget surplus this session, this bill grants relief in exactly the wrong way — by resurrecting the Gramm-Rudman law, which can trigger huge sequestrations if budget forecasts prove, a few years out, to be too optimistic.

To simplify the consequences of this provision, consider tax cuts, although entitlement increases are equally problematic. Start by assuming a tax cut is enacted that uses up all of the projected on-budget surpluses — just as the FY2000 Republican budget resolution provides. Suppose the projections are too optimistic, as projections often are, so that the anticipated on-budget surpluses are not realized. Then when it *later* becomes clear that those surpluses will not exist, the Congress will be faced with unpalatable choices:

1. accepting a large automatic sequester of selected entitlements, principally Medicare, farm price supports and crop insurance, veterans' education benefits, student loans, Title XX social service grants to states, Child Support Enforcement payments to states, and mineral leasing and other "shared receipt" payments to states;
2. enacting a sudden, large entitlement cut;
3. enacting a sudden, large cut in discretionary appropriations;
4. enacting a sudden, large tax increase; or
5. accepting a bald-faced assertion by OMB that the surpluses do in fact exist (in the face of overwhelming evidence to the contrary).

Furthermore, if an economic slowdown is the reason that budget projections prove too optimistic, major tax increases or spending cuts could push the economy into a recession.

In summary, it is not prudent to dissipate the entire on-budget surplus, or even a large fraction

of it, before we deal with Social Security and Medicare solvency. It is risky to rely on future projections that are notoriously unreliable. It is unfair to put discretionary appropriations on the chopping block because of problems with entitlement or tax legislation. It is likewise unfair to Medicare, farm, and other entitlement programs to be at risk of sequester whenever Congress finds ways to increase discretionary spending, including for legitimate emergencies such as Kosovo funding or natural disasters. It is wrong-headed economic policy to recreate Gramm-Rudman and require tax increases or spending cuts just when the economy slows down. And it is unfortunate indeed to give OMB a choice between "rosy scenarios" or wrong-headed economic policy.

Automatic Continuing Resolution. This provision turns all existing discretionary appropriations into permanent "capped entitlements," funded at the prior year's level. Congress will no longer need to pass and the President will no longer need to sign appropriations bills, as long as either branch is satisfied with a freeze of each account. Right now, failing to appropriate is mostly unthinkable, but with an automatic CR, failing to appropriate may become routine.

The risks here are institutional. Congress uses "must-pass" appropriations as a way to refine its priorities each year, to make agencies more responsive to congressional concerns, to get the President's attention on items he may be ignoring, even to enact policies only tangentially related to funding. It is poor tactics for us to give up this congressional power, to give up our "must-pass" vehicles. It is also unwise to allow 41 senators to kill regular appropriations bills via filibuster or allow the President to kill a regular appropriation through a veto, whenever they prefer the status quo. Such power tramples on the rights of the majority, and weakens the House of Representatives relative to the President or the Senate. Overall, this provision skews the rules in favor of the budgetary status quo.

Joint Budget Resolution. While this provision may be seductive, it is a recipe for problems. It is true that much of the work needed to undo the budget mistakes of the 1980s occurred when the President and Congress hammered out major budget deals — in 1990, 1993, and (to a lesser extent) 1997.

Nevertheless, we oppose this provision for two fundamental reasons. The first is our belief that requiring Presidential involvement will only slow down the budget process in the many years in which the President, the Congress, or both, do *not* have a strong desire to reach early agreement on the budget. And when they share such a desire, the experiences of 1990, 1993,

and 1997 show that one doesn't need a joint budget resolution to bring us to the negotiating table. In short, this will not help, but it may do harm.

The second reason is that a joint budget resolution starts us on a slippery downhill slope. The joint budget resolution is not supposed to enact actual spending or tax law. But once the President and the Leadership find themselves negotiating over a real statute, not a planning document, they may succumb to the temptation to directly legislate, or statutorily mandate, the fruits of their negotiation. If this happens, the power over major budgetary details will slip away from the committees and the individual Members and gravitate toward the President and the Leadership. This happened in 1990, 1993, and 1997 because it was critical to get the federal budget back on track. But it is inappropriate to institutionalize, as an annual requirement, a process that risks marginalizing committees and Members.

Many Other Concerns

- It is a mistake to remove budget functions and reconciliation directives from the budget resolution, because floor amendments that seek to address *where* money is spent, not just how much is spent, will no longer be possible. Priorities are often as important as aggregates, perhaps even more so in an era of surpluses. And if we pay inadequate attention to the detailed priorities, the aggregates are more likely to be unrealistic.

- The "appropriations lockbox" unfairly punishes discretionary spending. Even though many of us voted for such an idea years ago during the era of big deficits, it is now apparent that the discretionary spending caps are extremely tight and discretionary spending is not creating deficits. And it is unfair to allow a vote on an individual appropriations item to permanently reduce the caps on total funding for that year and future years. In fact, such a result will probably make it *harder* to pass floor amendments knocking out or cutting individual items, no matter how lacking in merit the items may be.

- Repealing the May 15th exception is surely a mistake. Under current law, the House permits appropriations bills to move after May 15th even in the absence of a budget resolution. Holding appropriations bills hostage is unfair. In fact, it probably won't work: the Senate does not have a May 15th exception, and so tries to hold appropriations bills hostage to agreement on a budget resolution. But the Senate's approach does not speed up agreement, it simply slows down Senate consideration of appropriation bills. After some delay, the Senate inevitably waives its rule.

- This bill requires OMB and CBO to produce a baseline that follows the caps through FY 2002, and then freezes discretionary programs forever after. This makes projected budget surpluses look larger than they would under a realistic baseline. By doing that, it creates a bias against providing sufficient discretionary spending to maintain program levels while enabling Republicans to justify larger tax cuts. And it is fatuous to pretend that long-term appropriations freezes are plausible, or to make long-term budget plans on that basis.

- The provision on emergencies starts out with a laudable proposition — that presidential and congressional budgets *should* reflect the historical average amounts of emergency funding. Amounts budgeted for emergencies would be set aside and, if not used for emergencies, then saved. Years in which actual emergency spending is below the budgeted average will ultimately "pay for" years in which actual emergency spending is above the budgeted average. The logic is to budget for emergencies on average, and therefore not offset their costs when they actually arise.

  We have two concerns. First, this procedure cannot work in tandem with the PAYGO title because the PAYGO title could well generate a sequester of Medicare and other entitlements whenever we fund emergencies, no matter how legitimate.

  Second, this procedure fails to allow floor amendments designating or increasing emergency funding — even if the Budget Committee, the President, and the House as a whole agree.

- The bill contains a provision on entitlement legislation that is well-intentioned but probably counterproductive. That provision gives the Chairmen of the Budget and Appropriations Committees privileged motions to turn newly proposed entitlement programs into discretionary programs, increasing the discretionary caps accordingly. Suppose that the Veterans Committee, for example, wants to create a new education benefit and is willing to scale back other veterans entitlements to pay for it. If it brings such a budget-neutral bill to the floor, but the House then turns the new program into a discretionary program, the Veterans Committee may find that it has cut its existing entitlements only to provide more room for Appropriations with little or no guarantee that the room will be used to fund the new program, or for that matter any veterans' programs. This possibility could have a chilling effect on entitlement legislation, locking in the status quo and discouraging policy reform.

MINORITY VIEWS

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Hon. Kenneth E. Bentsen, Jr.
Dissenting Views on H.R. 853
The Comprehensive Budget Process Reform Bill of 1999

While I agree with the Minority's assessment of H.R. 853, I believe that there are further changes that would improve this legislation. As the bill stands now, I support it in its current form. When the Committee considered H.R. 853, I offered several amendments to remedy problems embedded in the legislation. While I am grateful that the Committee accepted one of the Bentsen Amendments, it is unfortunate that the others were not accepted.

Tightening Emergency Spending Criteria. The portion of the bill that develops a more rigorous process for determining what is and is not emergency spending is certainly beneficial. To further strengthen this provision I offered an amendment to create an additional hurdle to determine what spending constitutes an emergency. Before the legislation was marked-up, the Chairman of the Budget Committee could unilaterally determine whether an appropriations bill met the criteria for emergency spending. Now, that determination requires a vote by the full Budget Committee. This new step should democratize the process by involving more members of the House, lead to additional Congressional scrutiny and debate, and make the evaluation progress more rigorous.

In 1998 and 1999, too many projects that were not emergencies by any stretch of the imagination were included in supplemental emergency appropriations bills, driving up their costs and loosening our hold on fiscal discipline. Under H.R. 853, too many provisions in Title II of the legislation are flawed. For example, emergency spending is too unpredictable to base on a five year historical average and too unrealistic to hold in a reserve fund. I appreciate the efforts by authors of the legislation to make the process for determining the level of funding to appropriate more scientific and rational. While actuaries and economists can predict the likelihood of disasters to determine insurance premiums, they cannot account for political considerations. Attempting to project an accurate budget for emergencies and place such a budget under the spending caps would inevitably lead to failing to comply with the caps and recurrence of the problem the bill tries to avoid. Providing for a strict definition and full Committee approval amply suffices to curtail abusive emergency spending. Thus, it is unfortunate that the Committee did not accept my amendment to strike all provisions from Title II except for that provision that strengthens the definition of emergency spending.

Weakening Pay-As-You-Go. This bill would repeal the requirement that entitlement increases or tax cuts must be fully offset. Indeed, *projected* on-budget surpluses--if they materialize--could be used to offset such costs. I agree with the Minority's assessment of this provision. Not

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only would such a provision allow any on-budget surpluses to be consumed by tax cuts or spending increases before addressing Social Security's and Medicare's solvency, but it would weaken fiscal discipline over all. The Pay-As-You-Go rule has been instrumental to achieving a unified budget surplus and will be critical to achieving an on-budget surplus.

That is why I proposed an amendment requiring that at least 20 percent of any on-budget surplus to be used toward reducing our huge $3.7 trillion publicly held debt in any year in which the publicly held debt to GDP ratio is above 20 percent. This amendment not only imposes fiscal discipline on the Congress, but it also sets a reasonable, fiscally sound goal to achieve--reducing the debt to GDP ratio by one-half to less than 20 percent. There is no question that debt is necessary to financing capital projects and investments and that not all debt is bad; but unmanageable debt that hampers public and private sector investment and depresses productivity. We should be working to reduce the publicly held debt. Finally, I agree with the Minority's conclusion that dissipating the entire on-budget surplus is a wrong-headed economic policy and that it is risky to rely on projections that have consistently been wrong in the past.

Automatic Continuing Resolution. While I do not object to an automatic continuing resolution in theory, I object to the provision as it stands in the current legislation. A pain-free automatic continuing resolution provides disincentives for Congress and the Administration to make the hard political choices as required in the annual budget. The Congress needs incentive to act--an automatic CR at last year's funding levels makes it too easy to delay. Thus, I am disappointed the Committee did not accept my amendment to have an automatic continuing resolution that funds existing discretionary appropriations at 75 percent of the previous year's level. Seventy-five percent of existing levels is enough to fund essential functions. Yet, in time Congress will come under enormous pressure to act because government agencies eventually will have to make decisions about employees to furlough or programs to slash.

O